FRANCHISE DISCLOSURE DOCUMENT

NORTHSTAR FRANCHISING, LLC
a California Limited Liability Company
19401 Business Center Drive
Northridge, CA 91324
818-727-0194
http://www.northstarmoving.com
http://www.northstarfranchising.com

We grant you the right to operate a business offering high quality commercial and residential moving services and related services that may include packing and the sale of boxes, packing materials and storage services under the Marks and according to the System.

The total investment necessary to begin operation of a NorthStar Moving Company franchise is from $114,500 - $215,000. This includes $50,000 that must be paid to the franchisor or its affiliate.

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 Ram Katalan, at 19401 Business Center Drive, Northridge, CA 91324; telephone 818-727-0194.

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

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

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

Issuance Date: April 18, 2023.

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 Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only NorthStar Moving Company business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a NorthStar Moving Company franchisee?	Item 20 or Exhibit F 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 Franchise *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 delegates. These items may be more expensive than similar items you could buy or 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 the franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risks be highlighted:

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

Spousal Liability. Your spouse must sign a document, such as a guarantee, that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Sales Performance Required. You must maintain 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.

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

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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.

(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 license agreement, from settling any and all claims.

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

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

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

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

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

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants 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 provisions have been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the 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.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.
ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 1ST FLOOR, LANSING, MICHIGAN 48933, (517) 373-7117

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NORTHSTAR FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

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

To simplify the language in this Disclosure Document, the words "we", "our" and "us" refer to NORTHSTAR FRANCHISING, LLC, the franchisor. "You" and "your" mean the person who buys the franchise. If the franchise will be owned by a corporation, partnership or limited liability company, "you" and "your" also mean the owners of the corporation, partners of the partnership or members and manager of the limited liability company and their spouses.

The Franchisor

We are a California limited liability company formed on January 20, 2015. Our principal business address is 19401 Business Center Drive, Northridge, CA 91324. We have not operated any NorthStar Moving businesses. We began offering franchises in October 2015. We do not offer and have not offered franchises in any other line of business. We operate under the name "NorthStar Moving".

Our agents for service of process are disclosed in Exhibit A.

Parents, Predecessors and Affiliates

We do not have any parents or predecessors.

Our affiliate, NorthStar Moving Corporation ("NSM"), is a California corporation, incorporated on September 23, 1994. NSM has operated a NorthStar Moving business since 1994. Its principal place of business is 19401 Business Center Drive, Northridge, CA 91324. It operates a business similar to the one you will operate.

NorthStar Moving Holding Company ("Holding") is a California corporation, incorporated on June 17, 2015, which owns the Marks (as defined below) and licenses them to us so we can sublicense the Marks to you. Its principal address is 19401 Business Center Drive, Northridge, CA 91324.

Scottsdale Moving & Storage, Inc. is an Arizona corporation, incorporated on March 26, 2019 ("Scottsdale Moving"). It has operated a NorthStar Moving business since June 1, 2019. Its principal place of business is 20 E. Thomas Road, Suite 2200, Phoenix, AZ 85012. Prior to this time, it was operated through NSM.

None of our affiliates have offered franchises similar to the one offered in this Franchise Disclosure Document or in any other lines of business.

The Franchise Offered

We grant you the right to develop and operate a business offering high quality commercial and residential moving services and related services and products under the "Marks" and according to the "System" in accordance with the terms and conditions in the Franchise Agreement that is attached as Exhibit C ("Franchise Agreement"). "System" means a developed method of operating a business offering high quality commercial and residential moving services and related products that may include packing services, the sale of boxes and packing material and storage services under the Marks using certain procedures and methods, equipment, layouts, accounting methods, advertising, sales and promotional techniques, personnel training, trade secrets and any other matters relating to the operation and promotion of a NorthStar Moving Company, as they may be changed, improved, modified and further developed by us or our affiliates from time to time. "Marks" means such service marks, trademarks, trade dress and trade names, and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of a NorthStar Moving Company. Marks currently include "NorthStar Moving", "NorthStar Movers", the stylized N with the star logo, and the stylized N with the star logo with "NorthStar Moving". "NorthStar Moving Company" mean any business operating under the System and Marks, whether owned by us or any affiliate, or licensed or franchised by us or any affiliate. "Business" and "your Business" means the NorthStar Moving Company business you will operate pursuant to the Franchise Agreement. You will do business under the fictitious or assumed name of "NorthStar Moving" or any other name that we decide to use in the future.

The key to our System is elevating the level of customer service, customized care and environmental consciousness within the moving industry. Our affiliate, NSM, which has been in the moving business since 1994, has developed a state of the art method of operating a moving company by providing red carpet service. We strongly recommend that our franchisees follow our lead and also become involved in the community where they are located and work toward being environmentally conscious.

Market and Competition

Your Business will offer both commercial and household moving and other relocation services and related products. Your competitors will include other local, regional and national moving or transport companies, companies offering portable storage containers and may also include truck rental agencies. The market for moving services is developed and competitive. There are some seasonal aspects to the moving industry. For example, a higher percentage of moves take place at the end of the month and in the summer.

Industry-Specific Regulations

You must comply with all applicable federal and state law. Generally, there are both federal and state laws which regulate moving and storage. The U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) administers the federal laws. State laws can vary, but most states do have state agencies which oversee the regulation of moving companies. There may also be state laws which regulate the storage aspect of your Business and what is permissible if there is a breach of the storage agreement. In addition, there are licensing requirements regarding both your Business, your trucks and your drivers. The timing of obtaining the proper licensing may vary considerably from one location to another and you must factor that into your decision on whether to purchase this franchise. You are prohibited from moving any gases, hazardous or flammable waste. You will be required to comply with all applicable federal, state, and local laws and regulations during the operation of your Business. You should consult with an attorney concerning those and other local laws and ordinances that may affect to your Business and the required licensing before you sign the Franchise Agreement.

Item 2
BUSINESS EXPERIENCE

Co-Founder, President and Chief Executive Officer - Laura McHolm

Ms. McHolm now serves as the President and Chief Executive Officer of NorthStar Franchising, LLC, in Northridge, California. She served as our Director of Marketing from January 2015 until December 2019. Ms. McHolm has also been the Co-Founder and Chief of Marketing of NorthStar Moving Corporation, in Northridge, California, since 1994.

Co-Founder, Chief of Operations – Abraham ("Ram") Katalan

Mr. Katalan now serves as NorthStar Franchising, LLC's Chief of Operations in Northbridge, California. He served as our President and CEO from January 2015 until December 2019. Mr. Katalan has also been President of NorthStar Moving Corporation, in Northridge, California since September 1994 and of Scottsdale Moving since March 2019. Scottsdale Moving is a moving company located in Phoenix, Arizona.

Director of Public Relations – Carrie N. Callahan

Ms. Callahan has served as our Director of Public Relations since January 2015 and Director of Public Relations for NSM in Northridge, California. Since November 2012 she has also been an owner of Nash Callahan Communications, LLC in Topsfield, Massachusetts.

Director of Operations – Liron Cohen

Mr. Cohen has served as our Director of Operations and Director of Operations for NSM since January 2018, and prior to that he was the Director of Sales from January 2015 until December 2017, all in Northridge, California. Mr. Cohen joined NSM in June 2001, beginning his role at the company as a Mover/Helper and advancing to a Team Leader position then advancing again to an Operations position in the local dispatch of NSM. Since 2009, Mr. Cohen has served as a Project Manager for NSM in Northridge, California.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

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

Item 5
INITIAL FEES

The Initial Franchise Fee for a franchise is $50,000, which is paid in full in one lump sum at the time you sign the Franchise Agreement. The Initial Franchise Fee is uniformly imposed and is nonrefundable.

Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty (Note 1)	7 ½ % of Gross Revenues	4 times a month on the 5th, 12th 20th and 28th	Paid by electronic fund transfer ("ACH") or any other method we require with shortfall royalty fees payable beginning in year 3 if you fail to meet minimum performance standards.
Marketing Fee (Note 1)	2% of Gross Revenues	4 times a month on the 5th, 12th 20th and 28th	Paid by ACH or any other method we required; we have the right to increase to 3% of Gross Revenues.
Technology Fee (Note 1)	The greater of ½ % of Gross Revenues or $300 per month	Monthly by the 5th day of each month	Paid by ACH or any other method we require.
Call Center Fee (Note 2)	4%-9% of gross revenues of each move referred to from the call center	4 times a month on the 5th, 12th 20th and 28th	Fees are based on usage. You are not required to always use the Call Center.
Claims Settlement Assistance (Note 3)	Reasonable fee and all costs and expenses.	Monthly by the 5th day of each month	You are required to notify us in the event of a dispute and our Client Care Team will take the appropriate action.
Long Distance Coordination Assistance Fee (Note 4)	Currently $.10 per cubic foot per move or $100 minimum	Monthly by the 5th day of each month	You are required to use our affiliate in order to coordinate a long-distance move for a customer.
Bookkeeping Service Fee	$300-$1,500 per month based on the number of years your Business has operated, the size of the operation and the services to be provided	Monthly by the 5th day of each month	This service is optional and the amount of the Bookkeeping Service Fee is subject to change.
Audit Fee	Cost of audit	Upon demand	You will pay us the costs of an audit to be performed if you fail to provide financial statements as required, or if an audit shows an understatement of Gross Revenues in excess of 2%.
Late Fee	$25 per day	Upon demand	You will pay us the late fee if you fail to pay any amounts due or fail to submit any report when due.
Interest on Late Payments	1½% per month not to exceed the maximum amount permitted by applicable law	On all overdue payments	Interest begins accruing on the date payment is due until you pay the arrearage.
Additional Training or Assistance (Note 5)	Reasonable fee	Upon demand	You will pay us a non-refundable fee if you ask for special assistance or we determine that additional training or assistance is warranted after your initial training period.

Type of Fee	Amount	Due Date	Remarks
Renewal fee	$2,000	Before signing of the renewal franchise agreement	Payable to us if you wish to renew your franchise agreement.
Transfer fee	50% of our then-current initial franchise fee	Due at transfer	Either you or transferee must pay us the transfer fee.
Seminar and convention costs	Reasonable fee	As incurred	Registration fees will be paid to us. Costs for travel, food, and lodging to attend seminars and conventions will be paid to various vendors.
Costs and attorneys' fees	Will vary under circumstances	As incurred	Payable to us, to reimburse us for fees incurred by us in obtaining injunctive or legal relief for the enforcement or defense of any item of the Franchise Agreement or the franchise relationship.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for any claims arising from your Business.
Taxes (Note 6)	Actual Cost	Upon demand	Payable only if certain taxes are levied or assessed on the fees you pay to us or our affiliates.
Dispute Resolution Fee	$25,000 plus actual costs	Upon demand	Payable only if you breach the dispute resolution provisions of the Franchise Agreement

You will pay all fees to us unless otherwise noted. All fees are non-refundable unless otherwise noted. Our intent is to impose all fees uniformly.

Notes:

(1) Royalty Fees, Marketing Fees and Technology Fees. You must pay us a Royalty Fee equal 7½ % of Gross Revenues. You must also pay us a Marketing Fee equal to up to 2% of Gross Revenues. We will use the Marketing Fees to provide and develop advertising, marketing, public relations and promotional materials and other activities we deem beneficial to the System. In addition, the Technology Fee is due monthly on the 5th day of each month. It is the greater of ½% of Gross Revenues or $300 per month. Currently, the Technology Fee covers the monthly fees associated with being able to access the Software (defined below) but can be used by use to cover any existing or future technology and improvements thereof and updated thereto that we use in connection with the System.

Royalty Fees, Marketing Fees and Call Center Fees (described n Note 2) are to be paid 4 times a month based on the Gross Revenues from the prior period as described below as well as the dates the reports are due. The numbers signify the day of each month:

Move Date	Report Date*	ACH Date*
1-7	9	12
8-15	17	20

16-23	25	28
24 to the last day of the month*	2	5

*Report Date and ACH Date are due in the same month as the Move Date Except for moves occurring on the 24th to the last day of the month, which Report Date and ACH Date are in the following month.

Gross Revenues means the total amount billed for of all sales of products, services and merchandise sold from, through or in connection with your Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes. All payments will be paid by ACH or any other method we describe in the Manual (as defined below).

Currently we require all payments to us including the Royalty Fees, Marketing Fee, Technology Fees and Call Center Fees be made by ACH. You must comply with the procedures specified in the Manual or as otherwise communicated for such ACH program and will perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to accomplish payment by ACH, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an ACH payment program. You must always have enough money in your account to pay all fees and amounts due through ACH. You are responsible for any penalties, fines or other expenses associated with the ACH program and sign all documents in order to effectuate the ACH program.

(2) Call Center Fees. We offer call center services. You will pay us a "Call Center Fee" based upon the fees generated by customers referred to you as a result of our call center services. Currently, the amount of the Call Center Fees is determined as follows, but is subject to change at any time upon written notice to you:

Service	Fees/Commission
Local moves booked over the phone	9%
Long distance moves booked over the phone	5%
Intrastate moves booked over the phone	9%
Local Move with onsite estimate by you	5%
Long distance move with onsite estimate by you	4%
Intrastate move with onsite estimate by you	5%
International move	9%*
*Based only on the local fees for the move	

(3) Claims Settlement Assistance. If you and one of your customers or other third parties become involved in a dispute, we, through our Client Care Team, have the right to take the following action in order to protect our Marks and the reputation of the System: (i) allow you to resolve the dispute yourself without our assistance; (ii) provide assistance to you in attempting to resolve the dispute; or (iii) resolve the dispute on your behalf including paying any amounts which must be paid in order to resolve the dispute. You agree to indemnify us for any amounts we pay on your behalf which amounts will be invoiced to you and due to us within 10 days of the date of the invoice. In addition, you will pay us a Claims Settlement Assistance Fee. The Claims Settlement Assistance Fee is based on the number of hours our Client Care Team must spend in assisting in the claims settlement process. Currently the fee is $50 per hour with a ½ hour minimum. This fee is subject to change. The "Client Care Team" is our customer service and claims department that assists with any problems and loss and damage claims.

(4) Long-Distance Coordination Assistance Fee. If your customer requires a long-distance move, you must use us or our affiliate or an approved supplier to coordinate the move with approved long-distance movers. This does not include any carriers' fees for hauling the job out of state. The Long-Distance

Coordination Assistance Fee is $.10 per cubic foot per move with a minimum of $100 per month. The amount of the Long-Distance Coordination Assistance Fee is subject to change.

(5) Additional Training and Assistance. You will also be responsible for any salaries, travel, meal, incidental and lodging expenses incurred by persons conducting the training programs and attending the training program. We will make available continuing advisory assistance in a manner as we deem appropriate, and we can charge a reasonable fee for it. Currently it is $500 per person per day.

(6) Taxes. You agree to indemnify and/or reimburse us and our affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the operation of your Business or the license of any of our or our affiliates' intangible property to you (whether required to be paid by us or our affiliates, withheld by you or otherwise). Your obligation to reimburse us for these taxes does not extend to income-type taxes which a state or local government imposes on our income.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Franchise Fee	$ 50,000	Lump Sum	At time of signing of Franchise Agreement	Us
Training Expenses (1)	$ 1,500 – $ 5,000	As incurred	As incurred	Paid to various vendors
Leased Trucks (2)	$ 12,000 – $ 22,000	As agreed to	As incurred	Vendors
Moving Equipment, Uniforms and Supplies	$ 5,000 – $ 11,000	As agreed to	As incurred	Vendors
Rent and Security Deposit (3)	$ 0 – $ 20,000	As agreed to	As incurred	Landlord
Office Furniture	$ 1,000 – $ 4,000	As agreed to	As incurred	Vendors
Computer System and Office Equipment (4)	$ 3,000 – $ 9,000	As agreed to	As incurred	Vendors
Initial Marketing (5)	$ 20,000 – $ 45,000	As agreed to	As incurred	Vendors
Licensing and Utility Deposits (6)	$ 1,500 – $ 7,000	As incurred	Before opening	Third parties
Legal and Accounting Fees	$ 2,000 – $ 8,000	As incurred	Before opening	Attorneys, accountants and/or other advisors
Insurance Premiums (7)	$ 3,500 – $ 9,000	As agreed to	As incurred	Insurance companies
Additional Funds—3 Months (8)	$ 15,000 – $ 30,000	As agreed to	As incurred	Various vendors
Total (9)	**$114,500 – $215,000**			

Notes:

We do not offer direct or indirect financing to franchisees for any items. Except where otherwise noted, all amounts that you pay to us are non-refundable. The low end assumes that you will begin operation of the Business in your home with 1 truck. The high end assumes that you begin operation in rented office space and warehouse space and you will lease 2 trucks.

(1) Training Expenses. We will not charge you a fee for you and one additional person to attend our initial training program. You, however, are responsible for all hotel, transportation and other costs and expenses for the people you designate to attend our initial training program. The amount in the table represents the estimated travel expenses you will incur for 2 people to attend the initial training program.

(2) Leased Trucks. These initial investment estimates are based on starting your Business with one or two trucks. You are required to have at least 1 truck to start your Business. You are required to lease a new truck which meets our exact specifications set forth in the Manual including the wrapping of the truck, and all accessories on the truck. Currently the deposit under the lease for 1 truck is approximately $2,750 and the monthly payments are $2,750 per month. The low end of the range includes the deposit and 3 month's rent for 1 truck and the high end of the range includes the deposit and 3 month's rent for 2 trucks. The range reflected under Leased Trucks and all amounts reflected in Item 7 are estimates only. You should contact and competitively shop leasing companies in your market to get numbers that will apply to you and your Business.

(3) Rent and Security Deposit. You may begin operation of the Business from your home if it is legally permitted. However, you must move into an office within your Territory within a year of opening your Business. If you decide to lease an office, it will typically be between 500 and 1,000 square feet. You may also lease warehouse space which typically ranges between 3,000 and 5,000 square feet. If you decide not to lease warehouse space, you can begin operation of your Business by renting self-storage units from a third party when you need the storage space for your customers. In any event, you will need a place to park your truck(s) which may require renting a parking spot. The low-end estimate assumes that you will begin operations of your Business in your home and the high end is for an initial month's deposit and 1 months' rent of office space and warehouse space. The range reflected under Rent and Security Deposit and all amounts reflected in Item 7 are estimates only. You should retain a commercial real estate broker who is an expert in your local market to determine numbers that will apply to you and your Business and to help identify lease space and negotiated a lease that is acceptable to you. We also recommend that you hire an attorney to help you negotiate a lease acceptable to you.

(4) Computer System and Office Equipment. These expenses include telephone installation, telephone deposit, Internet connect, the Computer System (defined below), the required software and 3 months of the Technology Fee.

(5) Initial Marketing. You must spend a minimum of $20,000 for grand opening marketing for the first 3 months of operation.

(6) Licensing and Utility Deposits. This amount includes the utility deposits and the cost of obtaining the required licensing. You will probably be required to obtain a business license, but in addition, you may be required to obtain licensing in order to providing moving and storage services in the area where you are going to operate. You should determine the type of licenses you will be required to obtain, the time it will take to obtain the required licenses and the cost to obtain the required licenses before you sign a Franchise Agreement.

(7) Insurance – The amount in the chart is for the first 3 months.

(8) Additional Funds. This item estimates your expenses during the initial period (first 3 months) of operation of your Business (other than the items identified separately in the table). This estimate includes, utilities, payroll costs for administrative staff, but does not include the cost of the movers which are paid from the moving fees paid by the customers or an owner's draw. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on many factors including: how closely you follow our recommended methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period of operation of your Business. This amount does not end your initial investment obligation. We relied on our affiliate's experience in establishing and operating a NorthStar Moving Company since 1994 to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

(9) Total. Costs and expenses can vary depending on factors like local real estate values, cost of labor and supplies. Expenses may differ in other parts of the country. Your financial condition and arrangements negotiated by and the business decisions made by you will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the NorthStar Moving System, you must maintain and comply with our quality and system standards. You must equip your Business according to our then-current approved design, specifications and standards. In addition, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (including hardware and software for your Computer System), signage, fixtures, furnishings, products, supplies and advertising materials that meet our specifications and standards.

We provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Business ("Approved Supplies List"). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. We reserve the right to designate a required source of supply for certain products and supplies, and we or an affiliate may be a required source.

The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. For example, as noted below, you must obtain insurance that meets our standards and requirements. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable.

If you propose to use in the operation of your Business any product, supply, material, furnishing or equipment which has not yet been approved by us as conforming to our specifications and quality and system standards and/or from a supplier not yet approved in writing by us, you must first notify us in writing and must submit to us, upon request, sufficient information, specifications, and samples so that we can determine whether the item or service complies with System standards or the supplier meets our supplier criteria. We will provide you with written approval or disapproval within a reasonable time period (typically 45 days). You may not use any product, supply, material, furnishing or equipment that we have not approved. We may require samples from alternate suppliers to be delivered for testing before approval and use. We may also require you to pay a reasonable charge based on our costs. We may require your proposed supplier to execute a confidentiality agreement regarding the product. Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with our System. These criteria are not available to franchisees. We may inspect or re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to continue to meet our criteria and specifications. Nothing contained in this Disclosure Document or in Franchise Agreement requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

We and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of merchandise, goods, products and services in connection with any future purchase of any goods, products or services. Most of these payments will be calculated on an amount based on products sold. We will retain and use such payments as we deem appropriate or as required by the vendor. As of the date of this Disclosure Document, we have not received any rebates from any of our required or approved suppliers nor did we receive any revenue based on franchisees purchases. We reserve the right to derive revenue from items we sell directly to you.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System which we will pass through to our franchisees. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers. We have the right to affiliate ourselves with suppliers or become an approved supplier or the sole supplier, and/or receive revenues, rebate, commissions or other benefits from purchases made by our franchisees. Our affiliate NSM is the sole supplier of long distance moves and claim settlement assistance which is under common ownership with us. Other than NSM, there is no designed supplier that is owned, in whole or in part, by any of our offices, but our officers reserve the right to do so in the future.

You can expect items purchased or leased from us or approved suppliers will represent approximately 50% of total purchases you will make to begin operations of the business and 35% of the ongoing costs to operate the business.

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require from time to time, all of which are described in greater detail in Section 7.G in the Franchise Agreement. You will at all times maintain at your sole expense comprehensive public and product liability insurance and motor vehicle liability insurance for your delivery drivers against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Business. You will obtain and maintain the following types of insurance:

Commercial General Liability including, without limitation, Product / Completed operations.

Commercial Auto Liability including Non-Hired Auto Liability

Motor Truck Cargo

Employment Practices Liability Insurance	
Statutory Worker's Compensation insurance in amounts required by law	
Business Interruption Coverage	
Warehouse Legal Liability	Limits depending on warehouse size and capacity

We may, from time to time, in our sole discretion, make such changes in minimum policy limits, coverage, and endorsements as we may determine. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as an additional insured party and must contain primary and non-contributory endorsements and a waiver of subrogation. These policies will stipulate that we will receive a 30-day advance written notice of cancellation, modification or termination. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us must be furnished to us together with proof of payment within 30 days of issuance. These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. The insurance companies must be AM Best rated B++VII or better.

If you fail to obtain insurance and keep the same in full force and effect, we may obtain this insurance at our discretion and you will pay us the premium costs upon our demand. Failure to obtain and maintain the required insurance constitutes a material breach of the Franchise Agreement entitling us to terminate that agreement. You must also procure and pay for all other insurance required by state or federal law. We may periodically increase the amounts of coverage required and/or require different or additional coverage.

We have the right to require you to authorize your insurance carrier to provide information about the losses paid by your insurance carriers on your behalf. You agree to cooperate with us to enable us to obtain all insurance loss reports and worker's compensation experience modification.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Section 6. J	Items 7 and 11
(b) Pre-opening purchases/leases	Sections 7. C and D	Items 5, 6, 7 and 8
(c) Site development and other pre-opening requirements	Section 8. D	Items 7, 8 and 11
(d) Initial and ongoing training	Sections 6.A and B	Items 6 and 11
(e) Opening	Section 6. J	Items 5 and 11
(f) Fees	Section 5	Items 5, 6 and 7
(g) Compliance with standards and policies/operations manual	Sections 6.E and H	Items 6, 7, 8, 11, 14 and 16
(h) Trademarks and proprietary information	Section 11	Items 13 and 14
(i) Restrictions on products/services offered	Section 7. A	Items 6, 7, 8, 11 and 16
(j) Warranty and customer service requirements	Sections 7. A and B	Items 6 and 11
(k) Territorial development and sales quotas	Section 7. N	Item 12
(l) Ongoing product/services, purchases	Sections 7. C	Items 6, 7 and 8
(m) Maintenance appearance and remodeling requirements	Section 7. E	Items 8 and 11
(n) Insurance	Section 7. G	Items 6, 7 and 8
(o) Advertising	Section 8	Items 6, 7 and 11
(p) Indemnification	Section 12	Not Applicable
(q) Owner's participation/management/staffing	Section 7. L	Items 11 and 15
(r) Records and reports	Sections 9	Item 11
(s) Inspections/audits	Section 10	Items 6 and 11
(t) Transfer	Sections13	Items 6 and 17
(u) Renewal	Section 4. C	Items 6 and 17
(v) Post-termination obligations	Sections 14. C	Item 17
(w) Non-competition covenants	Section 15	Item 17
(x) Dispute resolution	Section16	Item 17
(y) Other	Not Applicable	Not Applicable

Item 10
FINANCING

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

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

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

Pre-Opening Assistance

Before you commence operation of the Business, we will:

1. Designate your Territory (Franchise Agreement – Section 2.A and Exhibit I);

You may begin operation of the Business from your home if it is legally permitted. However, you must move into an office within your Territory within a year of opening your Business. You are not required to obtain our consent to the location of your Business.

2. Provide approved suppliers or specifications for the products and services you need to equip your Business (Franchise Agreement – Section 7.C);

We provide you with the names of approved suppliers and the written specification for these items. We do not deliver or install any of these items.

3. Provide an initial training program for you or one of your owners, one manager – Section 6.A); and

4. Loan you one copy of the Manual (Franchise Agreement - Section 7.H).

The Confidential Operations Manual ("Manual"), which may be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) is confidential and remains our property. You will operate your Business in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments, all of which are a part of the Manual.

You must treat the Manual, any other manuals or written materials provided by us or our affiliates for use in the operation of the Business, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place within the Business. It must be returned to us upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from or revisions to the Manual which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is contained in Exhibit G to this Disclosure Document. The Manual is currently 112 pages long.

Post-Opening Assistance

During your operation of the Business, we will:

1. Provide you with bookkeeping services for a fee or an approved supplier to provide such services (Franchise Agreement – Section 6.G)

2. Provide you with claim settlement assistance for a fee or an approved supplier to provide such services (Franchise Agreement – Section 6.E);

3. Provide you with call center services for a fee or an approved supplier to provide such services (Franchise Agreement – Section 6.D);

4. Provide you with a long-distance coordinator for a fee or an approved supplier to provide such services (Franchise Agreement – Section 6.F)

5. Provide additional assistance and guidance as we deem necessary at a reasonable fee. (Franchise Agreement—Section 6/C);

6. Provide insurance coverage to your customers or provide for an approved supplier to provide such coverage to your customers. We will receive revenue from the sale of insurance;

7. Continue to loan you use and access to the Manual; and

8. Notwithstanding the foregoing, some of the above assistance will be provided only at your election and all of the assistance will be provided in amounts and at times as we deem necessary.

Time of Opening; Site Selection

You are permitted to locate your office/warehouse anywhere within your Territory. The typical length of time between the signing of the Franchise Agreement and the approval of a site and then commencement of business for a NorthStar Moving Business is 4to 8 months. You may not commence operations until (1) you complete pre-opening training to our satisfaction; (2) you pay the initial franchise fee and other amounts then due to us; (3) you obtain all necessary licenses, permits and authorizations under federal and state regulations; (4) you give us certificates for all required insurance policies; and (5) we approve the commencement of operations. These factors may impact the time it takes for you to open your Business. Unless we grant an extension, we have the option to terminate the Franchise Agreement if you do not open your Business within the 12 months from the date you signed the Franchise Agreement.

Advertising

We do not have any national advertising fund, advertising cooperatives or franchisee advertising advisory council that advises us on advertising policies, but we reserve the right to establish an advertising fund, advertising cooperatives or franchisee advisory councils in the future.

Local Advertising. In addition to the Marketing Fee, you also must spend 1% of Gross Revenues per month on local marketing and promotion. You may only use your own marketing materials if we have approved it before its use. We may increase this amount up to 2% of Gross Revenues upon 30 days' written notice.

You are encouraged to do your own advertising. You must submit all of your own advertising and sale promotion materials to us or our designated advertising agency for approval before use. If you do not receive written disapproval within 30 days after we or they receive the materials, we will be deemed not to have given approval. You may not advertise or use in advertising or other form of promotion, the Marks or the copyrighted material without the appropriate copyright, trademark, or service mark registration, or in a manner which would misuse or dilute the Marks or copyrighted material or damage the goodwill associated with the Marks or copyrighted material. All advertising and promotional materials you use must be completely factual, comply with all applicable laws and conform to the highest standards of ethics and quality.

You may not advertise or use any of the Marks on the Internet except after obtaining our consent. Any advertising on the Internet shall be pre-approved by us and on terms specified by us. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any worldwide website, including any social media website (such as LinkedIn, Facebook or Twitter). We maintain and control the website www.northstarmoving.com. In addition, we and our affiliates maintain and control domain names which are similar to the website. We may provide contact information for NorthStar Moving Companies, including your Business, on our website for so long as we determine. All of the information on these or any other pages of our website remains subject to our control and approval. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Business on the Internet. Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual or as otherwise communicated to you, which may restrict the content that you are permitted to post to the social media outlet. We have the right to require a modification of or cease granting you permission to develop, operate or maintain any such social media outlet or other Internet presence at any time and to require you to give us administrative control and/or login information for any such social media site you operate for the promotion of your Business. Except as otherwise provided in the Manual or otherwise in writing, you may not maintain a presence on the Internet for your Business. Any advertising delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us.

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged in our sole determination. If established, you must direct your local advertising expenditures to the advertising cooperative which is separate from the payment of the Marketing Fee. As of the date of this Disclosure Document, we do not have an advertising council.

Opening Marketing. You must spend a minimum of $5,000 per month for a period of 3 months for Opening Marketing that you will spend within 90 days after the opening of your Business. This amount will be spent to market the grand opening of your Business and increase awareness of the Marks and System in your Territory. Within 120 days after the opening of your Business, you must provide us proof of your expenditures in the form and with the detail, including copies of all pre-opening advertising materials and receipts, as we request.

Advertising Cooperative. Currently, we do not operate or authorize any local or regional advertising cooperatives. However, we reserve the right to identify certain advertising markets that may benefit from the formation of an advertising cooperative in the future, and we reserve the right to require your participation in any advertising cooperative we form. If formed, you may be required to pay reasonable fees to fund the local or regional advertising efforts you are required to join. Those fees may be in addition to any other fees described in this disclosure document, but can be applied against your required local advertising.

Computer System

You must obtain and use in your Business the approved computer system ("Computer System"). You must record all information on the software we require that may change from time to time. The Computer System includes, at minimum a computer (desk-top or laptop) with access to the Internet. You will also need a printer/copier/scanner.

We will provide you access to the Software that you will need to operate the Business. "Software" means all of the different types of software which we provide you access to in order to operate your Business. It does not include any software we require you to purchase yourself from a third party such as QuickBooks Online, Office or virus protection. You will be required to pay us a monthly Technology Fee which is currently the greater of ½% of Gross Revenue or $300 for the right to access this software. You will still need to purchase and maintain QuickBooks Online. In the future, you may be required to license proprietary software from us, an affiliate or a third party, and you also may be required to pay a software licensing or use fee in connection with your use of the proprietary software. All rights, title and interest in the software will remain with the licensor of the software. The Software will provide scheduling of moves, potential leads, revenue, scheduling of employees and some accounting. We do not represent or warrant to you and we expressly disclaim any warranty that the software is error-free or that the operation and use of the Software by you will be uninterrupted or error-free. We shall have no obligation or liability for any expense or loss incurred by you arising from your use of the Software. We will, however, try to work with the vendor of any Software to identify and correct any issues. We reserve the right to change the Computer System and/or the software described in this Item at any time at your sole cost and expense. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs.

We currently do not require that you purchase a maintenance, repair, upgrade, or update service contract for the Computer System, but it is recommended that you have a local IT vendor that can provide services to ensure your computers and network are working properly, however we reserve the right to do so in the future without any contractual limitation on the frequency and cost. We may require you to use an IT vendor in order to address any issues with your equipment in case of ongoing issues and if we feel your system is not secure in the future without any contractual limitation on the frequency and cost.

We may independently access all of the Software and any other software you may use and retrieve, analyze, download and use all software, data and files on the System. Such information stored in the Computer System remains our property. We may access the System through our intranet, from your Business or from other locations. You must retain all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must maintain a phone line and have your Business connected to the Internet using a connection method we approve, currently DSL or Cable modem. You understand that the data storage, phone line, modem, communication software, Internet access, and all additional hardware and software needed to implement and maintain these services is at your cost. The total cost for 3 months of the Technology Fee, the Computer System, required software and the telephone installation, Internet connection, will range from $3,000 to $9,300. You must use a centralized email system managed by us through a third-party service. The use of the email system is included in the monthly Technology Fee.

Training

Before you commence operation of your Business, we will train you and one additional person. We will provide approximately 10 days of training (although the specific number of days depends on our opinion of your experience and needs) in the Los Angeles, California area, or another location we designate in addition to some training videos. The training program will be conducted on an as-needed basis as franchisees become ready to commence business operations.

Additional people beyond the first two may attend initial training, however we reserve the right to require you to pay our then-current training charge for each additional person (we will determine the training charge, but in no event will this charge exceed $500 per person per day). You also must pay for all travel and living expenses that you and your employees incur and for your employees' wages and workers' compensation insurance while they attend our initial training program. Any training we provide to any of your employees will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the client service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You are solely responsible for ensuring that your workers receive adequate training. In the event you or your owners have an ownership interest in an entity that currently operates another NorthStar Moving Company, we will provide such training only if we deem it necessary.

Training will occur after you sign the Franchise Agreement. Before you attend the training program we recommend that you watch certain training videos. It is also helpful if you come to training with a basic understanding of QuickBooks Online. You must complete the entire training program to our satisfaction before you may commence operations of the Business. If you do not successfully complete our training program to our satisfaction, you will have to attend the entire program again at your cost before operating the Business.

As of the date of this Disclosure Document, we provide the following training which will supplemented by training videos which you can access from your home or office:

TRAINING PROGRAM

Subject	Hours of Classroom Training*	Hours of on the Job Training	Location
Introduction to NorthStar Moving	2.5 (2.5)	0	Los Angeles, CA, Virtual
Daily Operations	2 (2)	1	Los Angeles, CA, Virtual
Safety and Accident Prevention	4 (3)	0	Los Angeles, CA, Virtual
Moving Software Training	8.5 (8.5)	0.5 (0.5)	Los Angeles, CA, Virtual
Franchisor Communication	4 (4)	0	Los Angeles, CA, Virtual
Sales and Estimating	4 (2)	4	Los Angeles, CA, Virtual
Long Distance Operations	0.5 (0.5)	0	Los Angeles, CA, Virtual
Human Resources	3 (2)	0	Los Angeles, CA, Virtual
Business Development	4 (4)	0	Los Angeles, CA, Virtual
Administration & Accounting	4.5 (3)	0	Los Angeles, CA, Virtual
Dispatch/Scheduling	3 (2)	2	Los Angeles, CA, Virtual
Moving Training:	5	0	Los Angeles, CA, Virtual
Client Care	2 (1)	0	Los Angeles, CA, Virtual
Compliance/Brand Awareness	2.5 (2.5)	0	Los Angeles, CA, Virtual
Customer Service	4 (3)	0	Los Angeles, CA, Virtual
State and Federal Regulations	1	0	Los Angeles, CA, Virtual
Packing Training	1 (1)	2	Los Angeles, CA, Virtual
Total	**55.5 (42)**	**9.5 (0.5)**	

*The classroom training hours include virtual training. The amount of the virtual training is in parentheses.

The training program is created by the founders, Ram Katalan and Laura McHolm and their team. Ram Katalan oversees all training. Notwithstanding the foregoing, the balance between classroom and virtual training may be changed by us in our discretion.

McHolm, Laura – Co-Founder, President & CEO – 1994

Ms. McHolm serves as the President and Chief Executive Officer of NorthStar Franchising, LLC. In 1994, Ms. McHolm co-founded NorthStar Moving Corporation and since then has served as the Chief of Marketing. Through Laura's out of the box marketing tactics, she has single handedly crushed the dim view consumers once held about the moving industry. Honored with more awards for service than any other moving company, including nine consecutive "Best Places to Work" awards, Laura has broken the long-held notion of moving and storage as burly men doing one job – lifting heavy things. As a marketing consultant and business owner, Laura uses the podium to spread her unique outlook and share tactics on how to disrupt your business and industry for positive change. She is also a contributor to multiple media outlets including the Huffington Post.

Laura was named 2019 Entrepreneur of the Year by the Los Angeles Business Journal, Community Leader 2019 by The National Association of Women Business Owners - Los Angeles (NAWBO-LA), received a 2019 World Refugee Day Award from Miry's List and won Trailblazer of the Year award. She is also consistently nominated for awards including: Los Angeles Business Journal's and San Fernando Valley Business Journal's Business Owner of the Year, Executive of the Year, Business Woman of the Decade and Philanthropist of the Year.

Katalan, Ram – Co-Founder & COO – 1994

Mr. Katalan serves as NorthStar Franchising, LLC's Chief of Operations. He co-founded NorthStar Moving Corporation in 1994 and since then has served as President. Born in Israel, where he attended a military boarding school and served in the Israeli special forces, Ram came to the U.S. when he was 22 years old. He started as a mover at a New York based moving company and worked his way up from mover to team leader, and then operations manager. A mover since 1986, Ram ventured to the west coast where he then co-founded NorthStar Moving in 1994 and NorthStar Franchising, LLC in 2015.

Ram and NorthStar Moving have redefined the moving industry as the first to offer eco-luxury moving services, elevating basic moving and storage services to a new unparalleled level of customer service, customized care, and environmental consciousness. Featured in Los Angeles Times, The Robb Report, BBC World News America, and Fortune Small Business among others, "A+" rated by the Better Business Bureau, voted Citysearch "Best Mover", awarded the company with the most five-star ratings on Trustlink and Yelp, recommended by The Franklin Report, MovingInsurance.com, and an impressive list of celebrity clientele, he has proven the state-of-the-art way to move.

Other staff members listed below may assist with training. The Operations Manual will be used as the principal instructional material.

Ben-Harouch, Gil – Onsite Estimator – 2003
Mr. Ben-Harouch is an Onsite Estimator and involved in outside sales. He joined NorthStar Moving Corporation in 2003.

Bohorquez, Ben – CPA, Accounting – 2017
Mr. Bohorquez is a CPA. He joined NorthStar Moving Corporation in 2017.

Callahan, Carrie – Director of Public Relations – 2006
Ms. Callahan has served as Director of Public Relations for NorthStar Moving Corporation since 2006 and our director of Public Relations since 2015.

Cohen, Liron – Director of Operations - 2001
Mr. Cohen has served as an On-site Estimator since 2009, and Director of Sales since 2015 and Director of Operations since 2018.

Kirchgatter, Alice – Call Center Team – 2011
Ms. Kirchgatter is a the CCT leader. She joined NorthStar Moving Corporation in 2011.

Lavi, Lior – IT – 2002
Mr. Lavi handles IT at NorthStar Moving Corporation. He joined NorthStar Moving Corporation in 200.

Luu, Hong – Accounting – 2012
Ms. Luu is a CPA who works with Ben Bohorquez. She jointed NorthStar Moving Corporation in 2012.

Mendoza, Joanna – Accounting & HR – 2013
Ms. Mendoza is in charge of payroll. She jointed NorthStar Moving Corporation in 2013.

Paola, Wendy – Client Care – 2008
Ms. Paola is a member of our Client Loyalty Team. She jointed NorthStar Moving Corporation in 2008.

Salgado, Nelson – Warehouse – 2013
Mr. Salgado is our Warehouse Manager. He joined NorthStar Moving Corporation in 2013.

Traurig, Julie - Long Distance - 2012
Ms. Traurig handles Long Distance move coordination to the final destination. She joined NorthStar Moving Corporation in 2012.

You are required to participate in the day to day operations of your Business for at least the first 24 months that your Business is opened and operating. Thereafter, you may appoint a designated manager. You are required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of your Business. You will also be responsible to train your designed manager. If you want us to train your designated manager you will be solely responsible for the costs and expenses associated with your designated manager's attendance at this Initial Training Program, including our then prevailing standard training fee and all travel, meals and lodging costs and compensation of, and workers' compensation insurance for your new designated manager.

We may also provide refresher programs to you and your experienced managers. Such programs are not mandatory at this time, but may be deemed mandatory in the future. We may elect to charge a reasonable fee for any training provided after the opening of the Business. You are solely responsible for paying the compensation of your trainees as well as your trainees' travel, lodging and personal expenses. The location, duration, and content of such refresher training programs have not been determined yet.

Item 12
TERRITORY

You will be granted a specific geographic territory (the "Territory") that will be identified in Exhibit A to the Franchise Agreement in which to operate and locate your Business. The location and size of your Territory will be decided on by discussions between you and us. Many factors may be used to determine your Territory, including population. Typically, a Territory contains populations of 100,000 to 400,000 people (according to the most recent U.S. Census data available at the time you and we sign this Agreement).

Although you are free to accept orders or perform moves outside your Territory, you may not market your services outside your Territory through the Internet or any form of direct marketing. You are free to relocate your Business within your Territory as long as you continue to operate your trucks during any relocation, but you cannot relocate your Business outside the Territory. You understand that other NorthStar Moving Companies may provide moving services to locations within your Territory, however they cannot solicit or market within your Territory. You will not receive an exclusive territory. Subject to the other provisions of this disclosure document, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

So long as the Franchise Agreement is in force and effect and you are not in default, neither we nor our affiliates will locate, or grant a franchise for another NorthStar Moving Company to be located within your Territory. Except as limited above in this Item 12, we and our affiliates retain all rights with respect to NorthStar Moving Company, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate a NorthStar Moving Company immediately adjacent to your Territory or anywhere outside of your Territory; (2) the right to operate or license others the right to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Territory; (3) the right to operate or license others to operate businesses that are not the same as a NorthStar Moving Company under the Marks in any location, both inside or outside of your Territory; and (4) the right to offer any products or services (including the products and services you offer at your Business) through other channels of distribution (including the Internet, print catalogues and direct marketing media) both inside and outside of your Territory. We are not required to pay you if we exercise any of the rights specified above inside your Territory.

We and our affiliates have the right, now and in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as NorthStar Moving Companies operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within or near your Territory).

We and our affiliates may sell ourselves, our assets, our proprietary marks (including the Marks) and/or our system (including the System) to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you will, in the Franchise Agreement, expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under this Agreement. If we assign our rights in the Franchise Agreement, nothing in this disclosure document or in the Franchise Agreement will be deemed to require us to remain in the moving business.

Nothing will prohibit us and our affiliates from doing business within the Territory for National Accounts. A National Account means those customers, with more than 1 location covered by an agreement for services which are not located solely in the area of one franchisee. If you obtain an account that is considered a National Account, you must refer it to us and it will be treated as a National Account; however, we reserve the absolute right to reject any such account for any reason. National Accounts shall be negotiated solely by us or our affiliates, even if you procure the National Account. All National Accounts will be considered our property and you will have no claim to them. If one or more locations of a National Account fall within your Territory, we will first offer you the opportunity to provide services on the terms and conditions that we have established with such National Account. Subject to applicable law, we can require you to service a National Account according to the terms and conditions we have negotiated. If, for any reason, you do not service the National Account, we have the right to service the account ourselves, or may authorize other NorthStar Moving Company outlets, to provide such services. However, the decision to accept or reject you as a provider of services for the National Account ultimately rests with the National Account.

We have not established and do not operate, and have not formulated any plans or policies to establish or operate, or to franchise others to operate, any business offering services similar to or competitive with those to be offered for sale by your Business under different trade names or trademarks, or of selling other services or products utilizing the Marks, but we retain the right to do so.

You have no options, rights of first refusal or similar rights to acquire additional franchises. Continuation of your franchise rights and Territory does depend on the achievement of a certain sales volume, market penetration or other contingency as follows: If you do not meet minimum performance standards, you must pay a shortfall royalty of those Gross Revenues levels noted below within 10 days of the end of each calendar year or face termination, unless you and we agree to a written plan where you agree to reinvest the shortfall Royalty in your Business in an approved manner. The minimum performance standards are: 1) $700,000 of Gross Revenue for the third year of operation; 2) $800,000 of Gross Revenue for the fourth year of operation; and 3) $1,000,000 of Gross Revenue for the fifth year of operation and each subsequent year. This is not meant to state or imply that you will be able to achieve the minimum performance standards. Your ability to achieve the minimum performance standards is dependent upon many factors, including your skill, ability and dedication, market conditions, as well as many matters beyond your control and our control. You do not receive the right to acquire additional franchises unless you sign another franchise agreement with us.

Item 13
TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the Marks in connection with the operation of your Business. The following Marks have been registered on the principal registry of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Date (Application Date)	Registration No. (Serial No.)
NORTHSTAR MOVING	July 26, 2011	4,002,155
	October 16, 2015	4,826,835

Mark	Registration Date (Application Date)	Registration No. (Serial No.)
NORTHSTAR MOVERS	March 26, 2013	4,308,327
NORTHSTAR MOVING COMPANY	November 19, 2019	5,914,913
	May 26, 2020	6062136
	November 19, 2019	5,914,952

We intend to file all required affidavits and renewals for the Marks noted above when due.

We have entered into a Trademark License Agreement with our affiliate, Holding on or about July 31, 2019, under which we have been licensed to use and sublicense the Marks. The term of this License Agreement is for 50 years. The License Agreement can also be terminated for breach of the License Agreement. Upon termination or expiration, Holding will still allow you to use the Marks until the end of the term and any renewal term of your Franchise Agreement. There are no agreements which significantly limit our right to use or license the use of the Marks in the United States.

We will grant you a nontransferable, non-sublicensable, non-exclusive license to use the Marks in connection with the Business. You must follow our rules when you use the Marks. You cannot use any of the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

There are currently no effective material determinations of the Patent and Trademark Office ("PTO"), the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the Marks.

We have been made aware that other businesses may be providing moving services operating under the name NorthStar Moving or derivations of that name possibly in the following geographical trade areas: Broward, Palm Beach and Miami-Dade County, Florida; Macon, Georgia; Indiana Trail, North Carolina; Jersey City, New Jersey; New York, New York; and Malvern and Stroudsburg, Pennsylvania. Our affiliate, Holding, believes that it has priority of rights by virtue of federal trademark registrations and common law rights by virtue of longstanding use of its NorthStar Moving, NorthStar Movers and related trademarks. Holding has sent cease and desist letters to protect its rights. Holding continues to evaluate whether additional action is necessary to enforce its rights.

In addition, Holding has filed a lawsuit in the United States District Court, U.S. Southern District of Florida, Fort Lauderdale Division, Case No. 0:19-CV-62176-WPD, to prohibit a third party from continuing to use the Marks. NorthStar Moving has alleged violation of the Anticybersquatting Consumer Protection Act, federal trademark infringement, false designation of origin, contributory trademark infringement, trademark infringement under Florida Registration and Protection of Trademarks Act, trademark Infringement under Florida common law, unfair competition under Florida Deceptive and Unfair Trade Practices Act and the Florida common law. This lawsuit is on-going; the court set a trial date of August 2, 2021.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. We will have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of such infringement, challenge or claim. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

If we decide to modify or discontinue the use of the Marks and/or to use one or more additional or substitute names or marks, you must make the changes at your own expense and without claim against us. You will need to comply within a reasonable time of the request.

Item 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We own no special patents which pertain to the System.

We or our affiliates have copyright rights in the Manual, sales material, brochures, and related items used in operating the franchise. We and our affiliates have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating the Business.

There currently are no effective adverse determinations of the PTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if it is in the system's best interest.

Although neither we nor any of our affiliates have filed an application for a copyright registration for these materials, we have copyright rights and the information is proprietary. Item 11 describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information in a manner we think is appropriate.

The Franchise Agreement provides that all ideas, concepts, techniques, or materials concerning your Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item and all related rights to that item, to us and must take whatever action (including signing assignments or other documents) we request to show our ownership or help us obtain intellectual property rights in the item. In the event that these requirements are found to be invalid or unenforceable, the Franchise Agreement provides that you and your owners grant to us a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of such ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials.

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of a NorthStar Moving Company, are our proprietary, confidential trade secrets, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason.

Further, under the Franchise Agreement, you agree that you shall not, during the term of the Franchise Agreement (other than to the extent necessary to operate the Business) or after its expiration transfer or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain. You also agree to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must personally participate in the day to day management of the Business for the first 2 years in order to learn the business operations. After that, you are permitted to hire a designated manager. You are required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of your Business. You will also be responsible to train your designed manager. Your designated manager does not need to have any equity interest in your business entity.

At our request, your officers, directors, shareholders, partners, members, owners, their respective spouses and all managerial employees must sign the Non-Competition and Confidentiality Agreement. All owners of the franchisee entity and their spouses must also sign a Guaranty and Assumption of Obligations in a form acceptable to us.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those services or products that we have approved. We have the right to change the types of required and/or authorized services or products and you will be notified in writing (e.g., by a bulletin or a supplement to the Manual). You are prohibited from offering or selling any products or services not authorized or approved by us and in compliance with the Franchise Agreement. We, in our discretion, may approve or deny your request to eliminate some or add other services or products. In accordance with applicable law, we have the right to set the prices at which you will sell the Services. You also agree to add such equipment and make such alterations, at your expense, as may be necessary to equip the Business for sale of the services or any additional services we may require. You recognize that you may need to make an additional investment to do so.

You are not permitted to solicit business outside of your Territory and you are only permitted to service customers located outside of your Territory as described in Item 12. Other than that, we do not impose any other restrictions or conditions that limit your access to customers.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Agreement	Summary
a.	Length of the term of the franchise	Section 4A	Term is 10 years.
b.	Renewal or extension of the term	Section 4.C	Renewal for one additional term of 10 years and then three additional 5-year terms.
c.	Requirements for franchisee to renew or extend	Section 4.C	You give notice; pay renewal fee, sign our then current form of franchise agreement that may contain terms that are materially different from those in your previous franchise agreement, update Business, not be in default and sign a release.
d.	Termination by franchisee	Section 14.B	If we breach agreement and do not cure or attempt to cure after notice.
e.	Termination by franchisor without cause	None	Not applicable
f.	Termination by franchisor with cause	Section 14.A	If you don't satisfactorily complete training, don't open within 12 months after you sign the Franchise Agreement, or generally if you breach the Franchise Agreement
g.	"Cause" defined – curable defaults	Sections 14.A.1 and 2	You have 10 days to cure monetary defaults and 30 days to cure all others except those listed in Section 14.A.3 of the Franchise Agreement.
h.	"Cause" defined – non-curable defaults	Section 14.A.3	Non-curable defaults, allegation or conviction of felony or any crime of moral turpitude, abandonment, giving insufficient funds checks and bankruptcy, violation of any confidentiality, non-solicitation or non-complete obligation contained in the Franchise Agreement.
i.	Franchisee's obligations on termination/non-renewal	Section 14.C	Payment of amounts due, return materials and Manual, turn over customers and information upon our request, cancel any assumed names using the Marks, and comply with all post-termination provisions.
j.	Assignment of contract by franchisor	Section 13.A	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	Section 13.B	Transfer of contract or assets or ownership change.
l.	Franchisor approval of transfer by you	Section 13.B	We have the right to approve all transfers but will not unreasonably withhold approval.

	Provision	Section in Agreement	Summary
m.	Conditions for franchisor approval of transfer	Section 13.B	Transferee qualifies, transfer fee paid, new franchise agreement signed which may contain different terms than the previous franchise agreement, training of transferee, release signed.
n.	Franchisor's right of first refusal to acquire your business	Section 13.D	We can match any offer for your business or an ownership interest in you.
o.	Franchisor's option to purchase your business	Section 14.D	After termination we can purchase your personal property at book value.
p.	Death or disability of the franchisee	Section 13.C	Heir must be approved but no right of first refusal.
q.	Noncompetition covenants during the term of the franchise	Section 15.B	Except as we otherwise agree to in writing, no direct or indirect involvement in the operation of any Competing Business other than the one authorized in the Franchise Agreement.
r.	Noncompetition covenants after the franchise is terminated or expires	Section 15.C	No involvement in a Competitive Business except as duly licensed by us for 2 years within the metropolitan area that contains your Territory or within the metropolitan area that contains any other NorthStar Moving Company. You will also be bound by a 2 year non-solicitation clause.
s.	Modification of the Agreement	Section 17.B	No modifications generally, but we have the right to change the Manual and list of authorized Marks.
t.	Integration/merger clause	Section 17.B	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Agreement or this Disclosure Document may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 16	Except for certain claims, all disputes must be mediated or possibly arbitrated in Los Angeles County (subject to state law).
v.	Choice of forum	Sections 16 and 17.G	Litigation must be in the applicable federal court in Los Angeles County, California (subject to state law).
w.	Choice of law	Sections 16 and 17.G	California law applies (subject to state law).

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned units, 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 unit you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The financial performance information provided in this Item 19 is a historic financial performance based on data from our two affiliate-owned locations (one in Southern California and the other in Phoenix, AZ) and our franchisee in Northern California for 2022 calendar year, based upon financial information from our Affiliate's records and information provided by the franchisee. The Southern California location has been operating since 1994. The Phoenix location was in operation all of 2019, although it was being operated through our affiliate NSM until the end of March at which time it was transferred to a separate affiliate, "Scottsdale Moving and Storage Inc.". The Northern California location has been operated by a franchisee since September 2018. California and Arizona territories/markets may differ from territories and markets in other parts of the country. We have only excluded the results from our Texas affiliate-owned location as that location was not operational for the entire 2022 calendar year.

CHART 1

The chart below reflects average revenue earned per job by our 2 affiliates and our NorthernCalifornia franchisee combined during the 2022 calendar year. This was calculated by separating types of jobs, then dividing total revenue for each category by the amount of jobs in each move type. For purposes of this chart, we separated types of moves to give a clearer picture of average revenue earned per job. This information was generated by conducting a review of revenue (without any deductions) earned from jobs performed in the relevant period. This chart includes local, intrastate and long-distance jobs only. For the purposes Chart 1, we did not include international jobs, storage access, customer service jobs, military jobs, sub-haul jobs or box deliveries.

Move Type	Average per Job
Local Moves (1a, 1b)	$2,014.60
Intrastate Moves (2a, 2b)	$5,949.62
Long Distance Moves (3a, 3b)	$9,045.03
Average of all Moves (4a, 4b)	**$3,232.45**

<u>**Notes to Chart 1**</u>:

(1a) "Local Moves" refer to moves that took place within the state of California with less than 100 miles between the point of origin and the point of destination and moves that took place within the state of Arizona. Local moves were charged based on an hourly rate.

(1b) Of the total number of Local Moves we performed for the relevant period, 1,136 Moves (or 30.77%) met or exceeded the average with a median of $1,375.88, a high of $29,611.00 and a low of $100.00

(2a) "Intrastate Moves" refer to moves that took place within the state of California with more than 100 miles between the point of origin and the point of destination. The intrastate moves classification is made due to the Bureau of Household Goods and Services regulations. Terms and requirements may vary in other states. Intrastate moves were charged based on weight of shipment.

(2b) Of the total number of Intrastate Moves we performed for the relevant period, 99 Moves (or 38.08%) met or exceeded the average with a median of $4,384.35, a high of $23,903.47 and a low of $1,293.50

(3a) "Long Distance Moves" refer to moves that crossed state lines. Long Distance moves were charged based on weight of shipment.

(3b) Of the total number of Long Distance Moves we performed for the relevant period, 206 Moves (or 31.60%) met or exceeded the average with a median of $6,508.77, a high of $79,534.00 and a low of $1,854.00.

(4a) We based these calculations by combining the total revenue from all local, intrastate and long distance moves, then divided by the total amount of jobs for all move types.

(4b) Of the total number of Moves we performed for the relevant period, 1,348 Moves (or 29.28%) met or exceeded the average with a median of $1,740.63, a high of $79,534.00 and a low of $100.00.

CHART 2

The chart below reflects expense percentages on an accrual basis. For the purposes of this chart, the only expenses we include are the key operating expenses. This chart is based on our affiliate-owned location in Southern California and is not meant to be a complete list of all expenses required for the operation of a Business. We use our affiliate-owned location because we have detailed records of its expenses. See Note 1 following this chart.

Type	Expense as % of Revenue in 2022
Fuel	3.30%
Moving Supplies	2.78%
Movers' Payroll (2a)	23.84%
Movers' Worker's Comp. (2b)	3.08%
Third Party (3)	5.29%
Out of State Expenses (4)	10.80%
General Expenses (5)	8.37%

<u>Notes to Chart 2</u>:

(1) Due to the size of our Affiliate NSM's businesses, we have not included "fixed" expenses like rent, utilities or office personnel payroll, as they would be inflated and not applicable to the initial 1 or 2 truck unit being considered by a prospective franchisee.

(2a) Movers' Payroll does not account for jobs performed for us by third parties and includes employer taxes and processing fees incurred to produce the checks from our payroll company.

(2b) Movers' Worker's Comp does not account for jobs performed for us by third parties.

(3) Third party expenses are those expenses in the form of a percentage from gross revenue of a move (typically 80% from the total cost of the move is paid to the third party that performed it) we incur when we utilize third parties to handle excess or isolated jobs or moves (for example, an $800 payment from NSM to a third-party company for a $1,000 move that the third-party company performed). These third parties are directly responsible for their own payroll, worker's comp and all other expenses.

(4) Out of State Expenses are payments made to Long Distance carriers who picked-up or delivered shipments to our clients across state lines.

(5) General expenses include expenses for claims, truck rental, leases and maintenance, insurance, merchant services fees, monthly service charges and licensing taxes and fees to state and federal agencies (in our case, the B.H.G.S. and D.O.T.) and other miscellaneous expenses.

EXPLANATORY NOTES:

Some locations have been operating for a longer period of time than the other locations. The cost of obtaining trucking licenses or authorities to perform long distance moves, labor costs incurred to provide moving and related services, the cost of purchasing and/or financing trucks, and overhead costs incurred at your business location, including lease, utility and insurance expenses will impact your expenses. In addition, relating to expenses, there were some economies of scale our affiliate-owned locations have due to the multiple locations and vast amount of experience of the owners.

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee on reasonable request. This data is based on unaudited information gathered by our Affiliates. Other than the preceding financial performance representation, NorthStar Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ram Katalan, 19401 Business Center Drive, Northridge, CA 91324, 818-727-0194, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2020–2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Company-Owned	2020	2	2	0
	2021	2	2	0
	2022	2	3	+1

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2020	3	3	0
	2021	3	3	0
	2022	3	4	+1

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2020-2022

State	Year	Number of Transfers
TOTAL	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For Years 2020–2022

State	Year	Outlet at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
California	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Table No. 4
Status of Company-Owned Outlets
For Years 2020-2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arizona	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
California	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Texas	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Total	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	1	0	0	0	3

Table No. 5
Projected Openings as of December 31, 2023

State	Franchise Agreements Signed but Business not Opened	Projected Franchised New Business in the Next Fiscal Year	Projected Company-Owned Openings in Next Fiscal Year
Arizona	0	1	0
Total	0	1	1

Exhibit F lists the names, addresses and telephone numbers of all of our operating franchisees. Exhibit F also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have signed confidentially clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us. We have not created, sponsored or endorsed any trademark-specific franchisee associations.

Item 21
FINANCIAL STATEMENTS

Attached and identified as Exhibit B is our audited financial statements as of December 31, 2020, 2021 and 2022. If unaudited financial statements are required, these will also be included in Exhibit B.

Item 22
CONTRACTS

The following documents are attached as exhibits to this Disclosure Document.

Exhibit C Franchise Agreement

Exhibit E General Release

Item 23
RECEIPTS

Attached to this Disclosure Document as Exhibit H is a detachable acknowledgment of receipt.

Exhibit A

LIST OF AGENTS FOR SERVICE OF PROCESS & STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 (866) 275-2677 Email: Ask.DFPI@dfpi.ca.gov Website: www.dfpi.ca.gov	Commissioner of the Depart. of Financial Protection & Innovation 2101 Arena Boulevard Sacramento, CA 95834 Email: Ask.DFPI@dfpi.ca.gov Website: www.dfpi.ca.gov
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706
INDIANA	Securities Commissioner Indiana Securities Division Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
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, Maryland 21202-2020
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attention: Franchise Section G. Mennen Williams Building, First Floor 525 West Ottawa Street Lansing, MI 48933 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau 670 Law Building Lansing, MI 48913
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 296-1600	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005-1495 (212) 416-8236	Attn: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Bismarck, ND 58505-0510 (701) 328-2910	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Bismarck, ND 58505-0510
RHODE ISLAND	Division of Securities Department of Business Registration 1511 Pontiac Avenue John O. Pastore Center, Building 69-1 Cranston, RI 02920	Director of Department of Business Registration 1511 Pontiac Avenue John O. Pastore Center, Building 69-1 Cranston, RI 02920
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of South Dakota Division of Insurance 124 S. Euclid, Suite 104 Pierre, SD 57501-3185
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8700	Administrator of Securities Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501
WISCONSIN	Department of Financial Institutions Division of Securities 201 W. Washington Avenue, Suite 300 Madison, WI 53703 (608) 266-8557	Wisconsin Commissioner of Securities 201 W. Washington Ave, Suite 300 Madison, WI 53703

Exhibit B

AUDITED FINANCIAL STATEMENTS

NORTHSTAR FRANCHISING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

SHER | GELB
AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS
BILLIE GELB, CPA KEITH HEERDT, CPA/ABV, CVA JONATHAN SHER, CPA STEVE ARAU, CPA

15060 VENTURA BLVD. # 300 SHERMAN OAKS, CALIFORNIA 91403 T (818) 783-6028 F (818) 783-1031
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Northstar Franchising, LLC

Opinion

We have audited the accompanying financial statements of Northstar Franchising, LLC (a California limited liability company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northstar Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Northstar Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 Northstar Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northstar 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 Northstar 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.

Sher Gelb

Sher | Gelb
An Accountancy Corporation
Sherman Oaks, CA

April 13, 2023

NORTHSTAR FRANCHISING, LLC
BALANCE SHEETS

		December 31,		
		2022		2021
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	$	288,941	$	524,236
Accounts receivable		17,676		12,205
Total current assets		306,617		536,441
PROPERTY & EQUIPMENT				
Finance lease, right-of-use asset, net of accumulated amortization of $26,784		7,216		0
Property and equipment, net		0		23,801
Total property & equipment		7,216		23,801
OTHER ASSETS				
Legal settlement receivable, net		127,783		159,728
	$	441,616	$	719,970
LIABILITIES AND MEMBER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	$	150,920	$	374,970
Credit card payable		1,000		950
Loan payable – affiliate		193,851		45,694
Income tax payable		0		2,400
Current maturities of long-term debt		10,944		15,757
Lease liability		7,216		0
Total current liabilities		363,931		439,771
LONG-TERM DEBT		132,379		148,702
MEMBER'S EQUITY		(54,694)		131,497
	$	441,616	$	719,970

See accompanying notes to financial statements

NORTHSTAR FRANCHISING, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY

	For the Year ended December 31, 2022	For the Year ended December 31, 2021
INCOME	$ 803,368	$ 995,437
COST OF SALES	241,134	292,871
GROSS PROFIT	562,234	702,566
EXPENSES (INCOME)		
Accounting	30,253	25,474
Administration	20,731	18,221
Bad debt	31,945	0
Bank service charges	1,189	1,215
Consulting services	42,000	38,000
Depreciation & amortization	23,800	8,827
Dues & subscriptions	7,870	11,006
Franchisee training	20,400	18,000
Franchisor education	12,394	16,154
Interest expense	1,010	1,010
Legal fees	15,459	616,984
Marketing	163,063	157,588
Rent	22,800	12,000
Software development	0	300
Taxes	4,091	2,499
(Legal settlement income)	0	(284,728)
Total Operating Expenses	397,005	642,550
Income before provision for income taxes	165,229	60,016
Provision for income taxes	(3,420)	(2,400)
Net Income	161,809	57,616
Member's equity, beginning of year	131,497	73,881
Member draws	(348,000)	0
Member's equity, end of year	$ (54,694)	$ 131,497

See accompanying notes to financial statements

NORTHSTAR FRANCHISING, LLC
STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 161,809	$ 57,616
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation & amortization	23,800	8,827
(Increase) Decrease in:		
Accounts receivable	(5,471)	21,422
Legal settlement receivable, net	31,946	(159,728)
(Decrease) Increase in:		
Accounts payable	(224,050)	306,456
Credit card payable	50	(70)
Income tax payable	(2,400)	1,600
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(14,316)	236,123
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from affiliate	148,157	11,364
Long term debt repayments	(21,136)	(17,480)
Member's draws	(348,000)	0
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(220,979)	(6,116)
NET INCREASE (DECREASE) IN CASH	(235,295)	230,007
CASH & CASH EQUIVALENTS, Beginning of Year	524,236	294,229
CASH & CASH EQUIVALENTS, End of Year	$ 288,941	$ 524,236

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year ended December 31, 2022 for:

Interest	$ 1,010
Income taxes	$ 5,674

SUPPLEMENTAL NONCASH DISCLOSURES
For the year ended December 31, 2022

Finance lease, right-of-use asset	$ 7,216
Lease liability	$ 7,216

See accompanying notes to financial statements

NORTHSTAR FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Northstar Franchising, LLC (the “Company”) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

<u>Nature of Operations</u>

Northstar Franchising, LLC is a franchisor of moving services to the public. The Company provides initial and ongoing support to its franchisees, and consults and trains qualified franchisees to develop and open locations based on the professional guidelines and criteria of the franchisor’s business practices and standards. The Company was organized on January 20, 2015, in the State of California.

<u>Use of Estimates</u>

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

<u>Cash and Cash Equivalents</u>

For purposes of the balance sheet and statement of cash flows, the Company considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents.

<u>Depreciation</u>

The company's property and equipment are depreciated using primarily the straight-line method over the estimated useful lives of the assets of 5 to 7 years. Leasehold improvements are amortized over 15 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

<u>Income Taxes</u>

The Company was established as a single-member limited liability company which is a disregarded entity for federal tax purposes. For the year ended December 31, 2022, the Company has elected to be taxed as an S-Corporation. The provision for taxes on income is based on income reported for financial statement purposes. Certain expense items are reported in different periods for financial reporting and for tax purposes. The tax effects of these timing differences are not material to the accompanying financial statements. Provision for federal and state taxes on income consists of:

Federal	$	0
State		3,420
	$	3,420

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FASB ASC 740, Income Taxes (formerly Interpretation No. 48, Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement 109 ("FIN 48")) clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The FASB Accounting Standards Codification prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. The Company believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that would require recognition or disclosure at December 31, 2022. The company believes that there are no years that remain open and are subject to examination by jurisdiction prior to 2019 and 2018 for federal and state, respectively.

Leases

In February 2016 , the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the standard effective January 1, 2022 and recognized and measured leases existing at or entered into after January 1, 2022 (the beginning of the period of adoption). Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance FASB ASC 840.

As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022 a total lease liability of $19,576, a lease liability at the carrying amount of the capital lease obligations on December 31, 2022 of $7,216 and a right-of-use asset at the carrying amount of the capital lease asset of $7,216. In this case, the standard did not have a material impact on the balance sheet, the income statement, or the statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for capital leases. No adjustment to prior financial statements was considered necessary. At December 31, 2022, the ROU asset and lease liabilities were each $7,216. The current portion of lease liabilities was $7,216 and the noncurrent portion was $0.

As of December 31, 2022, the Company leased office/computer equipment with a bargain purchase option at the end of the lease. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the balance sheet. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease.

Subsequent Events

Management has evaluated subsequent events through April 13, 2023, the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2022 consists of the following:

Computers & equipment	$	13,511
Less: accumulated depreciation		(13,511)
	$	0

NOTE 3 – RELATED PARTY TRANSACTIONS

As of December 31 2022, the Company has a loan payable to an affiliated company in the amount of $193,851. The affiliated company is owned by the manager-member of Northstar Franchising LLC. Depending on cash flow needs, the affiliated company may pay for Company related expenses. The affiliated company will subsequently be reimbursed by the Company. Additionally, the Company rents a portion of its office space and operations from this affiliated company (see Note 5)

NOTE 4 – FRANCHISE REVENUE RECOGNITION

Of the total income earned during 2022, the Company received no franchise fees. No new franchise agreements were entered into during 2022. At December 31, 2022, the amount of deferred franchise revenue was $0. Associated expenses of $0 relating to this deferred franchise fee revenue have also been included on the balance sheet and classified as deferred franchise costs. Note that there was no deferred revenue liability and no deferred franchise cost asset as all franchisees were in operation and revenue earned as of December 31, 2022.

FASB Auditing Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), updates guidance on revenue recognition. The basic principle of Topic 606 states that an entity should recognize revenue to show the transfer of goods or services to customers in an amount that reflects the consideration which an entity expects to receive for those goods and services. It establishes a five-step process to govern contract revenue reporting. The effective date of ASU 2014-09 applied to annual reporting periods beginning after December 15, 2019 for nonpublic business entities. The adoption of this ASU did not have a material impact on the 2022 financial statements or accounting policies and did not result in an opening adjustment to retained earnings.

Management believes that no adjustments to revenue need to be made in order for the Company to be in compliance with Topic 606 for the year ended December 31, 2022.

NOTE 5 – LEASES

The Company rents its office space from an affiliated company based on an expense allocation agreement for a flat fee of $1,900 per month. The Company shares its principal place of operations with this larger affiliated company, and a portion of the total rent and other expenses is allocated to the Company.

In addition, there is a capital lease for computer equipment which expires in 2023. At December 31, 2022, the future minimum lease payments required under this lease with initial or remaining terms in excess of one year are as follows:

Years Ending December 31,		
2023	$	7.216
2024		0
2025		0
2026		0
2027		0
Thereafter		0
	$	7,216

Total rent expense for the year ended December 31, 2022 was $22,800.

NOTE 6 – LONG-TERM DEBT

The company has a capital lease agreement for computer equipment with a balance of $7,216 as of December 31, 2022. Terms of the agreement include monthly lease payments of approximately $1,030. The capital lease obligation expires in 2023 and includes a bargain purchase option for the equipment. The long-term debt portion of this lease at December 31, 2022 was $0.

On June 30, 2020, the Company entered into a loan agreement, in the form of a Note (SBA Loan), pursuant to the Economic Injury Disaster Loan Program (EIDL) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") administered by the U.S. Small Business Administration. The Company received total loan proceeds of $150,000 in 2020. The loan is subject to mature on June 30, 2050, carries a 3.75% interest rate, and is subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act. Monthly installment payments of $731 begin twelve months from the date of the promissory note. The loan is collateralized with property belonging to the Company including inventory (if any), equipment, and bank accounts. The loan may be prepaid by the Company at any time prior to maturity with no prepayment penalties. The loan contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties. The loan balance was $136,107 as of December 31, 2022.

Following are maturities of long-term debt for each of the next five years:

Years Ending December 31,		
2023	$	10,944
2024		3,874
2025		4,022
2026		4,175
2027		4,334
Thereafter		115,974
		143,323
Less: Current maturities of long-term debt		(10,944)
	$	132,379

NOTE 7 – LEGAL SETTLEMENT INCOME

During 2021, a legal settlement was entered into between related companies (Northstar Moving Holding Company and Northstar Moving Corporation) and an outside party related to trademark litigation. These trademarks, as well as others, have been licensed to Northstar Franchising, LLC. The Company has an interest in protecting the validity and unauthorized use of these trademarks because it is a licensee of these federally registered trademarks.

As a directly related party to this legal settlement, Management believes that $159,728 of the total legal settlement should be attributed to Northstar Franchising, LLC. In addition, management believes a provision for doubtful collection of this settlement in the amount of $31,945 should be applied to this account. The net amount of $127,783 is shown on the balance sheet as of December 31, 2022 as the legal settlement receivable.

NORTHSTAR FRANCHISING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020

CERTIFIED PUBLIC ACCOUNTANTS
MICHAEL SHER, CPA BILLIE GELB, CPA KEITH HEERDT, CPA/ABV, CVA JONATHAN SHER, CPA
15060 VENTURA BLVD. # 300 SHERMAN OAKS, CALIFORNIA 91403 T (818) 783-6028 F (818) 783-1031
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Northstar Franchising, LLC

Opinion

We have audited the accompanying financial statements of Northstar Franchising, LLC (a California limited liability company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northstar Franchising, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Northstar Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 Northstar Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northstar 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 Northstar 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.

Sher Gelb

Sher | Gelb
An Accountancy Corporation
Sherman Oaks, CA

April 13, 2022

NORTHSTAR FRANCHISING, LLC
BALANCE SHEETS

		December 31, 2021		2020
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	$	524,236	$	294,229
Accounts receivable		12,205		33,627
TOTAL CURRENT ASSETS		536,441		327,856
FIXED ASSETS				
Property and equipment, net		23,801		32,628
OTHER ASSETS				
Legal settlement receivable		159,728		0
	$	719,970	$	360,484
LIABILITIES AND MEMBER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	$	374,970	$	68,514
Credit card payable		950		1,020
Loan payable – affiliate		45,694		34,330
Income tax payable		2,400		800
Current maturities of long-term debt		15,757		14,097
TOTAL CURRENT LIABILITIES		439,771		118,761
LONG-TERM DEBT		148,702		167,842
MEMBER'S EQUITY		131,497		73,881
	$	719,970	$	360,484

See accompanying notes to financial statements

NORTHSTAR FRANCHISING, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY

	For the Year ended December 31, 2021	2020
INCOME	$ 995,437	$ 847,943
COST OF SALES	292,871	264,179
GROSS PROFIT	702,566	583,764
EXPENSES (INCOME)		
Accounting	25,474	30,443
Administration	18,221	20,982
Bank service charges	1,215	1,450
Consulting services	38,000	31,500
Depreciation	8,827	6,102
Dues & subscriptions	11,006	10,192
Franchisee training	18,000	18,000
Franchisor education	16,154	16,200
Interest expense	1,010	0
Legal fees	616,984	233,644
Marketing	157,588	177,751
Rent	12,000	13,860
Software development	300	0
Taxes-local	1,699	0
Taxes-state	800	2,500
(Legal settlement income)	(284,728)	0
Total Operating Expenses	642,550	562,624
Income before provision for income taxes	60,016	21,140
Provision for income taxes	(2,400)	(800)
Net Income	57,616	20,340
Member's equity, beginning of year	73,881	103,531
Member draws	0	(49,990)
Member's equity, end of year	$ 131,497	$ 73,881

See accompanying notes to financial statements

NORTHSTAR FRANCHISING, LLC
STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 57,616	$ 20,340
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation & amortization	8,827	6,102
(Increase) Decrease in:		
Accounts receivable	21,422	(19,336)
Legal settlement receivable	(159,728)	0
(Decrease) Increase in:		
Accounts payable	306,456	15,610
Credit card payable	(70)	900
Income tax payable	1,600	0
NET CASH PROVIDED BY OPERATING ACTIVITIES	236,123	24,416
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	0	(34,000)
NET CASH (USED) BY INVESTING ACTIVITIES	0	(34,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from affiliate	11,364	21,064
Increase in capital lease debt	0	31,939
Increase in SBA-EIDL loan	0	150,000
Long term debt repayments	(17,480)	0
Member’s draws	0	(49,990)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(6,116)	153,013
NET INCREASE IN CASH	230,007	143,429
CASH & CASH EQUIVALENTS, Beginning of Year	294,229	150,800
CASH & CASH EQUIVALENTS, End of Year	$ 524,236	$ 294,229

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:

Interest	$	1,010
Income taxes	$	800

See accompanying notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

<u>Nature of Operations</u>

Northstar Franchising, LLC is a franchisor of moving services to the public. The Company provides initial and ongoing support to its franchisees, and consults and trains qualified franchisees to develop and open locations based on the professional guidelines and criteria of the franchisor's business practices and standards. The Company was organized on January 20, 2015, in the State of California.

<u>Use of Estimates</u>

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

<u>Cash and Cash Equivalents</u>

For purposes of the balance sheet and statement of cash flows, the Company considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents.

<u>Depreciation</u>

The company's property and equipment are depreciated using primarily the straight-line method over the estimated useful lives of the assets of 5 to 7 years. Leasehold improvements are amortized over 15 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

<u>Income Taxes</u>

The Company was established as a single-member limited liability company which is a disregarded entity for federal tax purposes. For the year ended December 31, 2021, the Company has elected to be taxed as an S-Corporation. The provision for taxes on income is based on income reported for financial statement purposes. Certain expense items are reported in different periods for financial reporting and for tax purposes. The tax effects of these timing differences are not material to the accompanying financial statements. Provision for federal and state taxes on income consists of:

Federal	$	0
State		2,400
	$	2,400

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FASB ASC 740, Income Taxes (formerly Interpretation No. 48, Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement 109 (“FIN 48”)) clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements. The FASB Accounting Standards Codification prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. The Company believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that would require recognition or disclosure at December 31, 2021. The company believes that there are no years that remain open and are subject to examination by jurisdiction prior to 2018 and 2017 for federal and state, respectively.

Subsequent Events

Management has evaluated subsequent events through April 13, 2022, the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 consists of the following:

Computers & equipment	$	47,511
Less: Accumulated depreciation		(23,710)
	$	23,801

NOTE 3 – RELATED PARTY TRANSACTIONS

As of December 31 2021, the Company has a loan payable to an affiliated company in the amount of $45,694. The affiliated company is owned by the manager-member of Northstar Franchising LLC. Depending on cash flow needs, the affiliated company may pay for Company related expenses. The affiliated company will subsequently be reimbursed by the Company. Additionally, the Company rents a portion of its office space and operations from this affiliated company (see Note 5)

NOTE 4 – FRANCHISE REVENUE RECOGNITION

Of the total income earned during 2021, the Company received no franchise fees. No new franchise agreements were entered into during 2021. At December 31, 2021, the amount of deferred franchise revenue was $0. Associated expenses of $0 relating to this deferred franchise fee revenue have also been included on the balance sheet and classified as deferred franchise costs. Note that there was no deferred revenue liability and no deferred franchise cost asset as all franchisees were in operation and revenue earned as of December 31, 2021.

FASB Auditing Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), updates guidance on revenue recognition. The basic principle of Topic 606 states that an entity should recognize revenue to show the transfer of goods or services to customers in an amount that reflects the consideration which an entity expects to receive for those goods and services. It establishes a five-step process to govern contract revenue reporting. The effective date of ASU 2014-09 applied to annual reporting periods beginning after December 15, 2019 for nonpublic business entities. The adoption of this ASU did not have a material impact on the 2021 financial statements or accounting policies and did not result in an opening adjustment to retained earnings.

NOTE 4 – FRANCHISE REVENUE RECOGNITION (continued)

Management believes that no adjustments to revenue need to be made in order for the Company to be in compliance with Topic 606 for the year ended December 31, 2021.

NOTE 5 – LEASE COMMITMENTS

The Company rents its office space from an affiliated company based on an expense allocation agreement for a flat fee of $1,000 per month. The Company shares its principal place of operations with this larger affiliated company, and a portion of the total rent and other expenses is allocated to the Company. In addition, there is a capital lease for computer equipment which expires in 2023. Payments remaining on this capital lease are included in long-term debt (see Note 6).

At December 31, 2021, the future minimum lease payments required under this lease with initial or remaining terms in excess of one year are as follows:

Years Ending December 31,		
2022	$	12,360
2023		7,216
2024		0
2025		0
2026		0
Thereafter		0
	$	19,576

Total rent expense for the year ended December 31, 2021 was $12,000.

NOTE 6 – LONG-TERM DEBT

The company has a capital lease agreement for computer equipment with a balance of $19,576 as of December 31, 2021. Terms of the agreement include monthly lease payments of approximately $1,030. The capital lease obligation expires in 2023 and includes a bargain purchase option for the equipment.

On June 30, 2020, the Company entered into a loan agreement, in the form of a Note (SBA Loan), pursuant to the Economic Injury Disaster Loan Program (EIDL) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) administered by the U.S. Small Business Administration. The Company received total loan proceeds of $150,000 in 2020. The loan is subject to mature on June 30, 2050, carries a 3.75% interest rate, and is subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act. Monthly installment payments of $731 begin twelve months from the date of the promissory note. The loan is collateralized with property belonging to the Company including inventory (if any), equipment, and bank accounts.

The loan may be prepaid by the Company at any time prior to maturity with no prepayment penalties. The loan contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties. The loan balance was $144,883 as of December 31, 2021.

NOTE 6 – LONG-TERM DEBT (continued)

Following are maturities of long-term debt for each of the next five years:

Years Ending December 31,		
2022	$	15,757
2023		10,742
2024		3,661
2025		3,801
2026		3,946
Thereafter		126,552
		164,459
Less: Current maturities of long-term debt		(15,757)
	$	148,702

NOTE 7 – LEGAL SETTLEMENT INCOME

During 2021, a legal settlement was entered into between related companies (Northstar Moving Holding Company and Northstar Moving Corporation) and an outside party related to trademark litigation. These trademarks, as well as others, have been licensed to Northstar Franchising, LLC. The Company has an interest in protecting the validity and unauthorized use of these trademarks because it is a licensee of these federally registered trademarks.

As a directly related party to this legal settlement, Management believes that $159,728 of the total legal settlement should be attributed to Northstar Franchising, LLC. In addition, a legal settlement amount of $125,000 has already been collected by the Company in 2021. The total amount of legal settlement income of $284,728, as well as legal fees expense related to this litigation of $616,984, are included on the statement of income and member's equity as of December 31, 2021.

Exhibit C

FRANCHISE AGREEMENT

NORTHSTAR FRANCHISING, LLC

FRANCHISE AGREEMENT

____

FRANCHISEE

____

DATE OF AGREEMENT

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Section **Page No.**

<u>EXHIBITS</u>

NORTHSTAR FRANCHISING, LLC
FRANCHISE AGREEMENT

This Franchise Agreement is entered into this __________ day of ________, 20___, by and between NORTHSTAR FRANCHISING, LLC ("us," "our," or "we"), and _______________, a ____________ ("you" or "your").

RECITALS

1. We and our Affiliates (as defined below) have the rights to and have developed and refined the method of operating a business offering high quality commercial and residential moving services and related services and products.

2. Our Affiliates, NorthStar Moving Holding Company ("Holding") and NorthStar Moving Corporation ("NSM"), respectively grant us the right to license to you the Marks (as defined below) and the System (defined below) in connection with the operation of a NorthStar Moving Company (as defined below).

3. You recognize the benefits from being identified with and licensed by us and desire a franchise to establish and operate a NorthStar Moving Company using the Marks and System, and we are willing to grant such a franchise, on the terms and conditions in this Agreement.

NOW, the parties agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meaning as set forth below:

A. "Affiliates" means, individually or collectively, any and all entities controlling, controlled by, or under common ownership with us, including but not limited to NSM and Holding.

B. "Business" means the NorthStar Moving Company (as defined below) that you will operate under the Marks and System and in accordance with the provisions of this Agreement.

C. "Client Care Team" is our customer service and claims department that assists with any problems and loss and damage claims.

D. "Competitive Business" means any business that engages in, owns, invests in, manages or controls any business providing moving and/or storage services, or products or services that are similar or the same as the products or services we offer, other than another NorthStar Moving Company.

E. "Confidential Information" includes the trade secrets, information, ideas, research, methods, techniques, manuals, sales and marketing procedures, the Manual, the System, promotional technologies, improvements, systems, copyrighted materials, specifications, data, policies, customer information, customer lists, vendor lists, computer software including all data, reports etc. relating to the Business, us and the entire NorthStar Moving Company franchise system.

F. "Gross Revenue" means the total amount billed for of all sales of products, services and merchandise sold from, through or in connection with your Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes. All payments will be paid by ACH or any other method we describe in the Manual (as defined below).

G. "Manual" means our Confidential Operations Manual, as amended by us from time to time. The Manual will be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) and includes all other supplemental bulletins, notices, revisions, modifications, or supplemental information, either in document or electronic form, concerning the System that are delivered by us or otherwise communicated to you in writing. Also included are any passwords or other digital identifications necessary to access the Manual on a website or extranet. The Manual is confidential and remains our property.

H. "Marks" means such service marks, trademarks, trade dress and trade names, and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of a NorthStar Moving Company. Marks currently include "NorthStar Moving" "NorthStar Movers", the stylized N with the star logo, and the stylized N with the star logo with NorthStar Moving".

I. "National Accounts" means those customers, with more than 1 location covered by an agreement for services which are not located solely in the area of one franchisee.

J. "NorthStar Moving Company" means any business operating under the Marks and System, whether owned by us or our Affiliates, or the franchisees or licenses of us or our Affiliates.

K. "Principal Owner" means you if you are a sole proprietor, the majority shareholder of you if you are a corporation, a partner owning a majority interest of you if you are a partnership, or a member owning the majority interest of you if you are a limited liability company. In the event there are multiple owners with equal interest in you, then you will designate 1 of these owners to be the Principal Owner for purposes of this Agreement.

L. "Software" includes all of the different types of software which we provide for you to use in order to operate your Business. The individual software can change from time to time. In the future, you may be required to obtain a proprietary software license from us, an affiliate or a third party, and you also may be required to pay a software licensing or use fee in connection with your use of the proprietary software. Software does not include any software we require you to purchase yourself from a third party. All rights, title and interest in the software will remain with the licensor of the software.

M. "System" means a developed method of operating a business offering high quality commercial and residential moving services and related products that may include packing services, the sale of boxes and packing material and storage services under the Marks using certain procedures and methods, equipment, layouts, accounting methods, advertising, sales and promotional techniques, personnel training, trade secrets and any other matters relating to the operation and promotion of a NorthStar Moving Company, as they may be changed, improved, modified and further developed by us or our affiliates from time to time.

N. "Term" means, individually or collectively, the Initial Term, any Continuation Term and any Renewal Term of this Agreement.

O. "Transfer" means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, you or the Business, including: (a) a transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest; (b) a merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) a transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) a transfer to a personal representative upon the disability of, or transfer upon the death of, a Principal Owner; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant of any option, call, warrant, conversion rights or rights to acquire any equity or voting interest; (g) an assignment of contract rights; (h) a sale of assets (including the inventory, furniture, fixtures, equipment and other operating assets of the Business, other than in ordinary course of business); or (i) any change in the or management of the Business.

P. "Truck" means individually or collectively all of the truck(s) that you lease or purchase for your use in connection with the Business. At a minimum, your Trucks must meet our exact specifications as set forth in the Manual including the type, brand and year of the Truck, the wrapping of the Truck and all of the accessories on the Truck. "Truck" does not include short term rental trucks as described in Section 7.D below.

Q. "You" shall be deemed to include: (a) those persons and their spouses owning any interest in you if you are a corporation or a limited liability company; (b) all partners and their spouses owning any partnership interest in you if you are a partnership; (c) the individual and his or her spouse who owns you if you are a sole proprietorship; (d) the guarantors of this Agreement; and (e) the Principal Owner. For purposes of determining ownership in you, the interests owned by a husband and wife will be considered one interest, and both husband and wife will be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

2. GRANT OF FRANCHISE

A. GRANT. Subject to the provisions of this Agreement, we grant to you and you accept from us, the non-exclusive right to use the System and Marks to open and operate one NorthStar Moving Company. We will grant you a protected territory, as set forth in Exhibit I attached hereto, within which you will operate the Business ("Territory"). The Territory will be based on various factors including population. Typically, territories will contain populations of 100,000 to 400,000 people (according to the most recent U.S. Census data available at the time you and we sign this Agreement). You must sign a separate Franchise Agreement for each NorthStar Moving Company you wish to operate.

B. TERRITORIAL RIGHTS AND OBLIGATIONS. So long as this Agreement is in force and effect and you are not in default, neither we nor our affiliates will locate, operate, or grant a franchise for another NorthStar Moving Company to be located within your Territory. Although you are free to accept orders and perform moves outside your Territory, you may not market your services outside your Territory through the Internet or any form of direct marketing. You are free to relocate your Business within your Territory as long as you continue to operate your Trucks during any relocation, but you cannot relocate your Business outside the Territory. You understand that other NorthStar Moving Companies may provide moving services to locations within your Territory, however they cannot solicit or market within your Territory.

C. RESERVATION OF RIGHTS. Except as limited above, we and our affiliates retain all rights with respect to NorthStar Moving Company, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including:

(1) the right to own or operate, or license others to own or operate a NorthStar Moving Company immediately adjacent to your Territory or anywhere outside of your Territory;

(2) the right to operate or license others the right to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Territory;

(3) the right to operate or license others to operate businesses that are not the same as a NorthStar Moving Company under the Marks in any location, both inside or outside of your Territory;

(4) the right to offer any products or services (including the products and services you offer at your Business) through other channels of distribution (including the Internet, print catalogues and direct marketing media) both inside and outside of your Territory; and

(5) the right, now or in the future, to purchase, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses under the Marks or any other marks following the purchase, merger, acquisition or affiliation, regardless of the location of these businesses (which you acknowledges may be within the Territory).

We are not required to pay you if we exercise any of the rights specified above inside your Territory.

D. NATIONAL ACCOUNTS. We may develop National Accounts from time to time and you may develop accounts that may qualify as a National Account. National Accounts obtained by you must be referred to us and shall be treated as a National Account; however, we reserve the right to reject any such account as a National Account in our sole judgment and discretion. National Accounts shall be negotiated solely by us or our Affiliates, even if the National Account was procured by you. All National Accounts shall be deemed to be our property and you shall have no claim to such National Account. Any information supplied to us by you regarding National Accounts, and supplemental information as may be required by us may be disseminated to other NorthStar Moving Companies that may provide services to those accounts. You agree that providing account information to such other NorthStar Moving Companies is in the best interest of the System as a whole and for enhancement of opportunities of all within the System.

If one or more locations of a National Account falls within your Territory, we will first offer you the opportunity to provide services for said locations on the terms and conditions that we have established with such National Account. Subject to applicable state law, you are required to service a National Account, and if you fail to accept such offer in the manner and within the time period that we specify, we have the right to service the account ourselves, or may authorize other NorthStar Moving Companies, or our Affiliate-owned business, to provide such services without any compensation to you. However, the decision to accept you as a provider of services for the National Account shall ultimately rest with the National Account. You acknowledge that if the National Account refuses to accept services from you, then we shall be free to offer the opportunity to provide services to the National Account within the Territory to other NorthStar Moving Companies or our Affiliate-owned business.

3. GRANT OF THE RIGHT TO USE THE SOFTWARE

A. GRANT. We hereby grant you a nonexclusive right to access and use the Software during the Term of this Agreement and subject to the limitations on use and other requirements set forth in this Section 3. You understand that we have the right to change or discontinue the Software at any time in our sole discretion. In such event, you may be required to change the licensed software you use, at your sole cost and expense, and may be required to sign new documentation to license the right to use the new software.

You and your employees will access and use the Software solely for the operation of your Business in accordance with the terms of this Agreement and the terms, conditions and procedures set forth in the Manual or otherwise disclosed to you, which may change from time to time. We may require you to modify, enhance and/or replace all or any software included in the "Software" at any time and at your sole expense.

We or our Affiliates may host some portion or all the Software on our or our Affiliate's corporate servers. In the event we or our Affiliates provide any hosting services, we reserve the right to do so according to terms and conditions we may establish as set forth in the Manual, including limiting our liability for the security of data transmitted over the Internet and limitations on data storage size and the periodic purging of your data required as a result thereof.

We and our Affiliates may, in our sole discretion, modify, upgrade, create fixes, service releases and new versions of the Software from time to time and provide them to you.

B. **OWNERSHIP OF THE SOFTWARE**. You acknowledge that the only rights in the Software granted by us to you are those specified in this Section 3. You have no rights other than those granted by this Section 3 to use the Software or any enhancements thereto or documentation relating to either of the foregoing and any adaptations or modifications thereof. You agree to make no claim of any ownership interest in the intellectual property rights, including without limitation copyright in the Software and any adaptations or modifications thereof and any data in the Software. You acknowledge that the Software, in both object code and source code, is secret and proprietary and that its use and disclosure is restricted by the provisions of this Agreement.

You shall promptly disclose to us all ideas and suggestions for modification or enhancements of the Software, or any component thereof, and we and all our Affiliates and franchisees shall have the right to use, develop and license such ideas and suggestions in any manner, in our sole discretion, and without any obligation to you therefore.

At all times, we shall be granted "administrator" rights to the Software licensed hereunder, permitting us to remotely access such Software, and all information contained therein. We may use the information contained in your copy of the Software for any purpose we deem appropriate; provided, no social security number, birth date or home address information contained therein, if any, shall be disclosed without your prior written consent, unless required or permitted by law.

C. **PROHIBITED USE OF THE SOFTWARE**. You shall not (i) access or allow the access of the Software (or any addition to or modification of the Software) other than your authorized employees; (ii) sell, lease, assign, sublicense or otherwise transfer your license to use the Software other than in connection with a permitted Transfer of this Agreement; (iii) alter, maintain, enhance or otherwise modify the Software; (iv) decompile, disassemble, or otherwise analyze for reverse engineering purposes, the Software; (v) permit any parent, subsidiary, affiliate or third party to access or use the Software; (vi) alter, amend, modify or mask any copyright, trademark, proprietary or other notice affixed to or incorporated in the Software; or (vii) circumvent or otherwise interfere with any security measures we or our Affiliates may use in connection with any hosting services we may provide.

Documentation that accompanies the Software, if any, is provided solely to support your authorized use of the Software. You may not use, copy, modify or distribute the documentation, or any copy, adaptation, transcription, summary or merged portion thereof. You must not allow anyone to access or use the Software or see its documentation or the data it generates other than us, our affiliates or any designated representative that we have contracted with to provide such services. You must have any employee or authorized user of the Software to sign a confidentiality agreement. You must immediately notify us if you discover any loss or theft of any documentation of the Software or data generated by its use or any unauthorized disclosure from your employees, agents or representatives.

D. **INFRINGEMENT**. In the event your use of the Software is enjoined as a result of a claim by a third party of patent or copyright infringement or violation of proprietary rights, we shall, in our sole discretion, either (A) procure for you the right to continue to use the Software as contemplated hereunder, or (B) replace the Software or modify it such that there is no infringement of the third party's rights; and such action by us shall be your sole and exclusive remedy against us in such event.

E. **WARRANTY**. We do not represent or warrant to you, and we expressly disclaim any warranty, that the Software is error-free or that the operation and use of the Software by you will be uninterrupted or error-free. We shall have no obligation or liability for any expense or loss incurred by you arising from your use of the Software.

WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THE SOFTWARE OR ANY PORTION THEREOF, INCLUDING ANY PROGRAM DOCUMENTATION OR OTHER MATERIAL FURNISHED HEREUNDER OR ANY COMPONENT THEREOF, AND THERE ARE EXPRESSLY EXCLUDED ALL WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT WITH RESPECT THERETO. WE SHALL HAVE NO LIABILITY FOR CONSEQUENTIAL, EXEMPLARY, INCIDENTAL OR PUNITIVE DAMAGES.

4. TERM OF FRANCHISE AGREEMENT AND RENEWAL

A. **TERM**. The initial term of this Agreement shall be for a period of 10 years from the date of execution of this Agreement, unless sooner terminated in accordance with this Agreement (the "Initial Term").

B. **CONTINUATION**. If you continue to operate the Business with our express or implied consent following the expiration of the Term of this Agreement, the continuation will be a month-to-month extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while you continue to operate the Business ("Continuation Term"). The Term of this Agreement will then be terminable by either party on 30 days written notice to the other party.

C. **YOUR RIGHT TO RENEW**. Upon expiration of the Initial Term of this Agreement, you have the right to renew up to 1 time for an additional 10 year term and then three 5 year terms upon each renewal (each a "Renewal Term") subject to the following for each Renewal Term:

1. You have notified us in writing a minimum of 180 days prior to the expiration of the Initial Term or the then ending Renewal Term (as the case may be) of your desire to renew this Agreement;

2. You are in full compliance with the terms of this Agreement. In any event, we may, in our discretion, refuse to renew this Agreement if you have been notified of defaults (even if subsequently cured) under this Agreement more than 2 times during the Initial Term or more than 2 times during any Renewal Term, even if you are not in default at the time of the renewal;

3. You must replace, refurbish, rewrap and/or reequip, any equipment, Truck and materials utilized in the operation of the Business, in compliance with the specifications outlined in the then current franchise agreement and Manual for NorthStar Moving Companies;

4. You and your owners execute the then-current form of our franchise agreement and any ancillary agreements (with appropriate modifications to reflect the fact that the Agreement relates to the grant of a renewal franchise). The then-current form of the franchise agreement and ancillary agreements may contain significantly different terms than this Agreement;

5. To the extent permitted by applicable law, you and your owners execute general releases in a form satisfactory to us, of any and all claims against us and our Affiliates, and ours and their owners, officers, directors, employees and agents;

6. To the extent permitted by applicable law, you and your owners must execute a general release of any and all claims against us and our Affiliates, and our Affiliates' respective owners, officers, directors, employees, agents, successors and assigns arising under or from this Agreement and/or any related agreements between you and us or our Affiliates, or under any applicable law, rule or regulation; and

7. You pay us a renewal fee of $2,000 ("Renewal Fee").

5. FEES

A. INITIAL FRANCHISE FEE. You must pay us an initial franchise fee of $50,000 ("Initial Franchise Fee") when you sign this Agreement. The Initial Franchise Fee is not refundable under any circumstances.

B. ROYALTY FEE. You are required to pay us a "Royalty Fee" of 7 ½% of Gross Revenues in accordance with the method described in Section 5.I below.

C. MARKETING FEE. You are required to pay us a "Marketing Fee" equal to 2% of Gross Revenues in accordance with the method described in Section 5.I below. We have the right to increase the Marketing Fees to 3% upon 30 days' prior written notice.

D. TECHNOLOGY FEE. You are required to pay us a monthly "Technology Fee", by the 5th day of each month, of the greater of ½% of the Gross Revenue from the prior month or $300. Currently, the Technology Fee covers the monthly fees associated with being able to access the required Software necessary to operate your Business other than QuickBooks Online, Microsoft Office and any virus protection software which you must pay for separately to the applicable software licensors.

E. CALL CENTER FEES. You will pay us a "Call Center Fee" based upon the fees generated by customers referred to you as a result of our call center services. Currently, the amount of the Call Center Fees is determined as follows, but is subject to change at any time upon written notice to you:

Service	Call Center Fee
Local moves booked over the phone	9%
Long distance moves booked over the phone	5%
Intrastate moves booked over the phone	9%
Local Move with onsite estimate by you	5%
Long distance move with onsite estimate by you	4%
Intrastate move with onsite estimate by you	5%
International move	9%*

*Based only on the local fees for the move

You will pay us the Call Center Fee in accordance with the method described in Section 5.I, below.

F. CLAIMS SETTLEMENT ASSISTANCE. In addition, you will pay us a "Claims Settlement Assistance Fee". The Claims Settlement Assistance Fee is based on the number of hours our Client Care Team must spend in assisting in the claims settlement process. Currently, the fee is $50 per hour with a ½ hour minimum. This fee is subject to change upon written notice to you. You will pay us the

Claims Settlement Assistance monthly by the 5th day of each month based on the claims settlement services used by you during the prior month.

G. LONG DISTANCE COORDINATION ASSISTANCE FEE. You will also pay us a "long Distance Coordination Assistance Fee". The Long-Distance Coordination Assistance Fee is $.10 per cubic foot per move with a minimum of $100 per month for any long distance move. This does not include any carriers' fees for hauling the job out of state. The amount of the Long-Distance Coordination Assistance Fee is subject to change upon written notice. You must pay us the Long Distance Coordination Assistance Fee by the 5th day of each month based on the long distance moves completed during the prior month.

H. BOOKKEEPING SERVICE FEE. If you want us or our affiliate to provide bookkeeping services for your Business, you must pay us a fee based on the number of years your Business has operated, the size of the operation and the services to be provided. The Bookkeeping Service Fee is due by the 5th day of each month. The amount of the Bookkeeping Service Fee is subject to change upon prior written notice. Currently, the range is between $300-$1,500. The amount you will pay during the first year will be set forth in the Bookkeeping Services Addendum in Exhibit II attached hereto.

I. METHOD OF PAYMENT. Royalty Fees, Marketing Fees and Call Center Fees are to be paid 4 times a month based on the Gross Revenues from the prior period as described below. Also included in this chart below are the dates each month when the reports are due.

Move Date	Report Date*	ACH Date*
1-7	9	12
8-15	17	20
16-23	25	28
24 to the last day of the month*	2	5

*Report Date and ACH Date are due in the same month as the Move Date Except for moves occurring on the 24th to the last day of the month, which Report Date and ACH Date are in the following month.

Technology Fees, Claim Settlement Assistance, Long Distance Coordination Assistance Fees and Bookkeeping Service Fees are due by the 5th day of each month. All fees and amounts due to us and our Affiliates must be paid pursuant to the terms of this Section. Currently we require all payments by ACH, but we may change this at any time. You must comply with the procedures specified in the Manual or as otherwise communicated for such ACH program and will perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to accomplish payment by ACH, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an ACH payment program. You must always have enough money in your account to pay all fees and amounts due through ACH. You are responsible for any penalties, fines or other expenses associated with the ACH program and sign all documents in order to effectuate the ACH program.

J. TAXES AND ASSESSMENTS. You agree to indemnify and/or reimburse us and our Affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable governmental authority as a result of the conduct of the Business or the license of any of our or our Affiliates' intangible property to you (whether required to be paid by us or our Affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our Affiliates for these taxes does not extend to income-type taxes which are imposed on us or our Affiliates' income.

K. **INTEREST ON LATE PAYMENT/LATE FEE**. Any amounts which you owe to us or our Affiliates bear interest after their respective due dates at the lesser of 1½% per month or the highest applicable legal rate in the state in which the Territory is predominantly located. You acknowledge that the foregoing does not constitute our agreement to accept payments after same are due or a commitment by us to extend credit to, or otherwise finance your operation of the Business. Our right to interest is in addition to any other remedies that we may have. In addition, we have the right to charge you a late fee of $25 per day if you fail to pay any amount when due or you fail to submit any report when due.

L. **APPLICATION OF PAYMENTS**. We have the sole discretion to apply any payments by you to any past due indebtedness of yours to us or our Affiliates.

M. **NO RIGHT OF OFFSET**. You agree to make prompt payment, without deduction or set-off, of all charges which are properly due to us or our Affiliates. You cannot withhold any payment to us or our Affiliates on the grounds of non-performance by us of any of our obligations hereunder.

N. **UNDER-REPORTING**. In the event any inspection or audit discloses an understatement of Gross Revenues, then you must pay us, within 15 days after receipt of the inspection or audit report, any Royalty Fees, Marketing Fees, Call Center Fees or other amounts due on the amount of the understatement, plus interest from the date originally due until the date of payment. Further, in the event the understatement of Gross Revenue is determined by any examination or audit to be greater than 2% or you fail to provide reports as required, you must, in addition to payment of the fees and interest due thereby, reimburse us for the cost of the audit or examination, including the charges of any independent accountants, and the travel expenses, room and board, and compensation of our employees conducting such audit or examination. The foregoing remedies are in addition to all other remedies and rights we have under this Agreement or under applicable law.

6. OUR OBLIGATIONS

A. **TRAINING PROGRAM**. Before commencing the operation of the Business, your Principal Owner and one additional employee (if any) must attend and satisfactorily complete our initial training program. In the event you or your owners have an ownership interest in an entity that currently operates another NorthStar Moving Company, we will provide such training only if we deem it necessary. The initial training program is provided at no charge to you. However, you are responsible for any salary, travel and living expenses that your Principal Owner and your employee incurs during training. If your Principal Owner fails to satisfactorily complete the initial training program, we may treat such failure as a material default under this Agreement. We may provide any portion of the initial training program virtually in our discretion.

B. **SUBSEQUENT TRAINING**. We may require you, your Principal Owner or experienced employees to attend any subsequent training we may offer. We may offer refresher programs to you, your Principal Owner or your experienced employees. We are permitted to charge a reasonable fee for any subsequent training we may offer or require. You must pay the compensation of the trainees as well as such trainees’ travel, lodging and personal expenses during any subsequent training. We may, in our sole discretion, require you to attend meetings for the franchise system. We reserve the right to charge a reasonable fee and you will be required to pay for any salaries, travel, meals, lodging and incidental expenses incurred by you or your employees attending the meeting. We may provide any portion of any subsequent training virtually in our discretion.

C. **CONTINUING ADVISORY ASSISTANCE**. We will make available continuing advisory assistance in the operation of the Business, rendered in such manner and available from time to time, as we may deem appropriate. If we send our representatives to your Business to provide assistance, we reserve the right to charge a reasonable fee for this type of assistance.

D. **CALL CENTER**. We offer call center services. The call center will deal with all leads and attempt to convert these leads into customers. There is no guaranty or warranty that the call center will be successful in converting leads into customers. The call center services include, but are not limited to, answering calls and contacting leads from other sources, pricing jobs, following up with customers and potential customers, scheduling appointments and providing to customers the information and procedures followed in a move. You will pay us the Call Center Fee based upon customer referrals you receive as a result of the call center. You are not required to always use the call center and are permitted to book appointments without use of the call center. We reserve the right to discontinue offering this service and instead require you to use an approved supplier and pay any fees associated with that service.

E. **CLAIM SETTLEMENT ASSISTANCE**. If you and one of your customers or other third parties become involved in a dispute, we, through our Client Care Team, have the right to take the following action in order to protect our Marks and the reputation of the System: (i) allow you to resolve the dispute yourself without our assistance; (ii) provide assistance to you in attempting to resolve the dispute; or (iii) resolve the dispute on your behalf including paying any amounts which must be paid in order to resolve the dispute. You agree to indemnify us for any amounts we pay on your behalf which amounts will be invoiced to you and due to us within 10 days of the date of the invoice and pay us the Claim Settlement Assistance Fee in Section 5.F, above. We reserve the right to discontinue offering this service and instead require you to use an approved supplier and pay any fees associated with that service.

F. **LONG DISTANCE COORDINATION ASSISTANCE**. If your customer requires a long-distance move, you must use us or our Affiliate to coordinate the move with approved long-distance carriers. You will pay us a Long Distance Coordination Assistance Fee.

G. **BOOKKEEPING SERVICES**. We or our Affiliates will provide bookkeeping services to you for your Business at your option. If you want to obtain these services from us or our affiliate, you will need to execute the Bookkeeping Services Addendum which is attached to this Agreement in Exhibit II. This Bookkeeping Services Addendum will describe the services which will be provides and your obligations along with the monthly Bookkeeping Service Fee you will pay. We reserve the right to discontinue offering this service and instead require you to use an approved supplier and pay any fees associated with that service.

7. **OPERATING PROCEDURES** You must operate the Business in conformity with all uniform methods, standards and specifications as we may from time to time prescribe in the Manual or as contained in other written instructions, to ensure that the highest degree of quality and service is uniformly maintained. You agree to the following:

A. **AUTHORIZED SERVICES**. The reputation and goodwill of NorthStar Moving Companies are based upon, and can be maintained and enhanced only by the furnishing of high quality products and services. We provide to you during the training program and through the Manual or otherwise communicated to you a list of the products and services which are required and authorized to be offered by NorthStar Moving Companies. We may add products and additional services or change products or services which you may, in our sole discretion, be required to offer. You agree that you will offer all services required for NorthStar Moving Companies and will not, without our prior written approval, offer any type of service or sell any product or service that we do not authorize for the Business. We may develop additional programs and services that, upon written notice from us, you must offer. We may, to the extent permitted by applicable law, set prices for the services you offer at the Business. You are not permitted to subcontract to a third party the right to provide any service to customers without our consent.

B. HIGHEST ETHICAL STANDARDS. You must operate your Business in accordance with the Manual, including in all dealings with your customers, suppliers, us and the public, and otherwise adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You are prohibited from using any bad business practices, including but not limited to "low balling", "bait and switch", posting fake reviews on social media, etc. You agree to refrain from any business or advertising practice which may be injurious to our business or the goodwill associated with the System, the Marks and other NorthStar Moving Companies.

C. APPROVED SUPPLIES AND APPROVED SUPPLIERS. In order to ensure a uniform image and uniform quality of products and services throughout the NorthStar Moving Company system, you must maintain and comply with our quality and system standards. You must equip your Business according to our then-current approved design, specifications and standards. You also must use equipment (including hardware and software for your Computer System), signage, fixtures, Trucks furnishings, products, supplies and advertising materials that meet our specifications and standards. You must purchase all products, services, supplies, equipment and materials required for the operation of the Business from manufacturers, suppliers or distributors designated by us, or from other suppliers we approve who meet our specifications.

Specification of a supplier may be conditioned on requirements relating to, among other things, length of time the supplier has conducted business, quality of products, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contributions or other considerations to us, and our Affiliates and may be temporary, in each case in our reasonable discretion. We may from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We and our Affiliates may receive rebates, commissions and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under this Agreement.

If you wish to purchase or lease any goods, products, equipment, supplies or use suppliers, that are not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, supplies or suppliers meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. Generally, we will advise you within a 45 day period whether these goods, products, equipment, supplies or suppliers meet our specifications. We may require samples from alternate suppliers or vendors to be delivered for testing before approval and use. We may also require you to pay a reasonable charge based on our costs.

D. TRUCKS. You must begin the operation of your Business with a minimum of one Truck and may lease or purchase additional Trucks throughout the term of this Agreement. You are required to purchase from an approved supplier, a specific type, brand and year of manufacture for your Truck with specific accessories, including the wrapping of the Truck in accordance with the terms of the Manual. In order to maintain the high quality of the Marks, logos, designs and wraps associated with the System, you must have the Truck re-wrapped, refurbished and maintained, at your expense, at least every 10 years, determined in our sole discretion, and upon our written request, in order to conform with the then-current signage, logos, design or graphic wrap associated with NorthStar Moving Companies. You must use the Truck when performing all services for the Business. The exterior and interior of each Truck must be designed and maintained according to our minimum specifications, as specified in the Manual or otherwise communicated. We do not represent or warrant that these minimum standards meet applicable legal and safety standards. It is your responsibility to ensure the Truck complies with all legal and safety standards at all times. You must properly maintain the Truck so that it is, at all times, clean, safe, reliable, and functional for its intended use and purpose and in accordance with applicable law. You must not transfer any Truck without first removing all of the Marks.

Periodically, throughout the term of this Agreement, you may find a need for additional trucks other than your existing Truck. Notwithstanding anything herein to the contrary, you are permitted to rent truck(s) on a short term basis in accordance with the provisions set forth in the Manual. However, if you are renting truck(s) more frequently than the Rental Truck Standard set forth in the Manual, then, within 60 days after you exceed the Rental Truck Standard, you must enter into a long term lease or purchase an additional Truck.

E. SPECIFICATIONS, EQUIPMENT, STANDARDS AND PROCEDURES. We endeavor to maintain high standards of quality and service by all NorthStar Moving Companies. To this end, you agree to cooperate with us by maintaining high standards in the operation of the Business. You must comply with all of the procedures and systems we institute both now and in the future, including those relating to the services you offer in connection with the Business, computer software and hardware requirements, equipment, supplies, suppliers, terms and conditions of use of our website, good business practices, advertising and other obligations and restrictions set forth in this Agreement, the Manual (as may be amended from time to time) or otherwise in communicated to you. We may require you to make capital expenditures to upgrade your Truck or change or modify the equipment, computer hardware and software, furniture or fixtures to reflect our then current standards for NorthStar Moving Company. You must obtain your Truck, rental trucks, third party rental storage and all fixtures, equipment (including software and hardware), furnishing and signs as are required in the Manual or otherwise communicated to you. In addition, you must maintain the Truck and all fixtures, equipment, furnishing and signs in the highest degree of cleanliness, orderliness, sanitation and repair and in accordance with the Manual or otherwise communicated to you. You may not make any material alternations, additions, replacements or improvements to your Business without our prior written consent. Compliance with these standards may be an ongoing obligation of yours, and may be a condition of our consenting to a renewal of this Agreement, and our consenting to a Transfer of this Agreement. Mandatory specifications, standards and operating procedures described by us in the Manual, or otherwise communicated to you in writing, constitute provisions of this Agreement as if fully set forth in this Agreement.

F. COMPLIANCE WITH LAWS. You agree to operate your Business in compliance with all applicable laws and governmental regulations and in accordance with the operational standards we may establish from time to time. At all times you will comply with all federal, state, municipal and local laws, rules, regulations, ordinances and codes applicable and related to this Agreement, your Business, and all aspects of the conduct of Business. In addition, you will not deal, in any way, with any material which is defined as hazardous by the Manual or under applicable laws. This includes, but is not limited to, asbestos, materials containing PCBs , liquid waste or sludge, waste, liquid paints or chemicals, solvents, and oil and gas (except to operate your Trucks or any rental trucks). You must obtain all licenses and permits required by any applicable federal, state, municipal, and local law, rule, regulation, ordinance and code to operate your Business as required by this Agreement including but not limited to licensing of your drivers and Trucks. At no time are we required to inform you of any federal, state, municipal or local law, rule, regulation, ordinance, code or tax. Within 5 days of your receipt of any violation of law, ordinance or regulation relating to any safety or any inspection report you receive from a governmental authority related to your providing any of the services or otherwise operating your Business, you must forward a copy of this/these reports to us.

G. INSURANCE. You must maintain in force at your sole expense the minimum amounts and types of insurance as specified in the Manual or otherwise communicated to you. You must also maintain in force at your sole expense worker's compensation insurance if you have employees in amounts required by the jurisdictions in which you operate. Regardless of the amounts set forth in the Manual or otherwise communicated to you, it shall be your responsibility to maintain adequate insurance coverage at all times during the Term of and after the expiration of the Term of this Agreement. You should determine, through consultation with your advisors, if additional insurance is necessary, and you recognize that any levels of insurance required by us are merely minimum requirements. All insurance policies purchased and maintained by you must name us as additional insured andmust contain primary and non-contributory endorsements and a waiver of subrogation. All policies will stipulate that we will receive a 30-day advance written notice of cancellation, modification or termination.

Upon 30 days prior notice to you, we may increase the minimum insurance requirements and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

All insurance policies must be issued by one or more insurance companies must be AM Best rated B++VII or better. All liability insurance policies must name us, and our designated Affiliates, as additional named insureds, on a primary and non-contributory basis and must contain endorsements waiving rights of subrogation, where permitted by law. The policies must also provide that we receive at least 30 days prior written notice of termination, expiration, cancellation or modification of any policy.

You must submit to us a copy of the certificate of or other evidence of each insurance policy and continue to do so annually upon obtaining any insurance policy or each extension or renewal of any insurance policy. If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of insurance, we, at our option and in addition to our other rights and remedies under this Agreement, may obtain insurance coverage on your behalf, and you must promptly execute any applications or other forms or instruments required by us to obtain any insurance and pay to us, on demand, any costs and premiums incurred by us as a result.

Your obligation to obtain and maintain the insurance described is not limited in any way by reason of any insurance maintained by us, nor does your performance of the obligations relieve you of any obligations under this Agreement.

We have the right to require you to authorize your insurance carrier to provide information about the losses paid by your insurance carriers on your behalf. You agree to cooperate and make sure we are able to obtain all insurance loss reports and worker's compensation experience modification. We reserve the right to require you to implement a risk management and safety system from an approved supplier if we deem it necessary.

H. CONFIDENTIAL OPERATIONS MANUAL. We will provide you, for the duration of the Term, with access to the Manual. You agree that you must comply with the mandatory requirements in the Manual and said compliance is an essential part of your obligations under this Agreement. You must, at all times, be responsible for ensuring that your employees and all other persons under your control comply with the mandatory provisions of the Manual in all respects. The Manual will constitute our Confidential Information and shall remain our property. The Manual cannot be photocopied, reproduced or disseminated without our written consent. The Manual may be modified from time to time by us in our sole discretion, and you agree that from time to time we may reasonably change the System. You expressly agree to comply with each modification, addition or deletion of the System or Manual at your sole cost and expense. You acknowledge that such changes may be necessary and may involve the expenditure of substantial sums of money by you. We agree to impose such requirements and changes in a reasonable, non-discriminatory manner among other franchisees. You must at all times insure your copy of the Manual is kept current and up-to-date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us shall be controlling.

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of such franchise owner's business. We may grant variations from standard specifications and practices as we determine in our sole discretion, and we shall have no obligation to grant other franchisees like or similar variations.

I. **INNOVATIONS**. All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning a NorthStar Moving Company, whether or not protectable intellectual property and whether created by or for you or your owners, affiliates, employees or representatives, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and works made-for-hire for us. To the extent any such item does not qualify as a "work made-for-hire" for us, you must assign, or must require your owners, affiliates, employees or representatives to assign, your or their ownership interest of such item to us. You agree to take, or direct your owners, affiliates, employees or representatives to take, whatever action required by us to document such assignment or to assist us in obtaining any and all intellectual property rights in such item.

J. **OPENING OF THE FRANCHISED BUSINESS**. You agree to begin operation of the Business within 12 months after this Agreement is accepted by us. You may, but are not required to, lease office space for the Business for the first year of this Agreement and are permitted to operate the Business from your Principal Owner's home if it is permitted under applicable law. Thereafter, you must operate the Franchise Business from an office outside of your Principal Owner's home anywhere within the Territory. You must not open or close any office nor change the location of any office without first notifying us. Any relocation of the Business must be within the Territory upon written notice to us. When you lease office space, you may want to lease additional warehouse space in accordance with the provisions set forth in the Manual. If you do not have any warehouse space available, you are permitted to use rental storage space in accordance with the provisions set forth in the Manual. However, if you are using rental storage space more frequently than the Rental Storage Space Standard set forth in the Manual, then, within 120 days after you exceed to Rental Storage Space Standard, you must lease or purchase warehouse space or additional warehouse space.

K. **USE OF NAME AND SYSTEM**. You agree that during the Term you will operate, advertise and promote the Business under the name "NorthStar Moving Company" without prefix or suffix and to adopt or any other Marks we require and use the Marks and System licensed hereunder solely in the manner prescribed by us.

L. **ACTUAL PARTICIPATION**. You recognize the importance of the Principal Owner's participation in the management of the Business and that the Principal Owner's agreement to participate in the operation of the Business is a material inducement for us to enter into this Agreement. Therefore, you agree that the Principal Owner, who has satisfactorily completed our initial training program, is required to use his or her best efforts and is personally responsible for the day to day operations of the Business for the first 24 months the Business is open and operating. Thereafter, the Principal Owner may hire a designated manager. The Principal Owner is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of your Business. The Principal Owner will also be responsible to train your designed manager. In any event, the Principal Owner is required to carefully monitor and be responsible for the performance of anyone else who will provide services in the operation of the Business. If there are any supervisory personnel, they are required to sign an agreement regarding confidentiality and covenants not to compete and non-solicitation in a form approved by us.

M. **COOPERATION FOR FINANCIAL PERFORMANCE REPRESENTATIONS**. You will maintain your books and records in accordance with generally acceptable accounting principles, consistently applied. If we at any time desire to utilize a financial performance representation or similar document in connection with the sale of franchises, you agree to provide us, at no cost, with such reasonable information as we may require in order to properly prepare such representation, and will permit us to utilize such information as we deem necessary.

N. **MINIMUM PERFORMANCE STANDARDS**. Continuation of your franchise rights and Territory depend on the achievement of a certain sales volume, market penetration or other contingency as follows: If you do not meet minimum performance standards, you must pay a shortfall royalty of those Gross Revenues levels noted below within 10 days of the end of each calendar year or face termination, unless you and we agree to a written plan where you agree to reinvest the shortfall royalty in your Business in an approved manner. The minimum performance standards are: 1) $700,000 of Gross Revenue for the third year of operation; 2) $800,000 of Gross Revenue for the fourth year of operation; and 3) $1,000,000 of Gross Revenue for the fifth year of operation and each subsequent year. This is not meant to state or imply that you will be able to achieve the minimum performance standards. Your ability to achieve the minimum performance standards is dependent upon many factors, including your skill, ability and dedication, market conditions, as well as many matters beyond your control and our control.

8. ADVERTISING

A. **MARKETING**. You are required to pay us Marketing Fees as described in Section 5, above. We will use the Marketing Fees to provide and develop advertising, public relations, marketing and promotional materials and activities we deem beneficial to the System.

B. **YOUR OWN ADVERTISING**. In addition to the Marketing Fee, you also must spend 1% of Gross Revenues per month on local marketing and promotion. We may increase this amount up to 2% of Gross Revenues upon 30 days' written notice. We must consent to your use of any advertising and sale promotion materials before you use them. You must submit all of your advertising and sale promotion materials to us or our designee at least 30 days prior to use. If we do not approve these materials within 30 days, we will be deemed to have not approved your use of them. You will not advertise, or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. You must provide us proof of your expenditures in the form and with the detail, including copies of all receipts, as we request .

C. **INTERNET AND OTHER ELECTRONIC ADVERTISING**. You may not advertise or use any of the Marks on the Internet except after obtaining our consent. Any advertising on the Internet shall be pre-approved by us and on terms specified by us. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any worldwide website, including any social media website (such as LinkedIn, Facebook or Twitter). We and our Affiliates maintain and control the website www.northstarmoving.com. In addition, we and our Affiliates maintain and control domain names which are similar to the website. We may provide contact information for NorthStar Moving Companies, including your Business, on our website for so long as we determine. All of the information on these or any other pages of our website remains subject to our control and approval. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Business on the Internet. Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual or as otherwise communicated to you, which may restrict the content that you are permitted to post to the social media outlet. We have the right to require a modification of or cease granting you permission to develop, operate or maintain any such social media outlet or other Internet presence at any time and to require you to give us administrative control and/or login information for any such social media site you operate for the promotion of your Business. Except as otherwise provided in the Manual or otherwise in writing, you may not maintain a presence on the Internet for your Business. Any advertising delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us.

D. OPENING MARKETING. You must spend a minimum of $5,000 per month for a period of 3 months for Opening Marketing that you will spend within 90 days after the opening of your Business. This amount will be spent to market the grand opening of your Business and increase awareness of the Marks and System in your Territory. Within 120 days after the opening of your Business, you must provide us proof of your expenditures in the form and with the detail, including copies of all pre-opening advertising materials and receipts, as we request.

E. LOCAL ADVERTISING COOPERATIVE. We reserve the right to identify certain advertising markets that may benefit from the formation of a local or regional advertising cooperative. Any cooperative we established is required to operate under governing documents designated by us. If your Business will be located in an area we have designated for an advertising cooperative, you will be required to join the cooperative. All members of a cooperative will be required to sign a Membership Agreement and pay monthly contributions to the cooperative at the rate set forth in the Membership Agreement. The members and their elected officers are responsible for the operation of the advertising cooperative, but the funds will be collected and managed by us for the benefit of the cooperative's approved expenditures. Your fees for the cooperative are applied against the required local advertising, but are in addition to the Marketing Fee and Opening Marketing. We have the right to approve all advertising, marketing, and public relations activities of the advertising cooperative. A member of our staff will be a non-voting, advisory member of any cooperative's board. We reserve the right to identify other advertising markets that may benefit from the formation of an advertising cooperative in the future, and we reserve the right to change, dissolve or merge any established cooperative. Upon request, we will provide you with a copy of any applicable governing document for a cooperative you are required to join. The unaudited financial statements of any cooperative of which you are a member will be made available to you at your reasonable request. We have the right to require advertising cooperatives to be formed, changed, dissolved or merged.

9. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS

You will maintain and preserve for at least 7 years from the dates of their preparation, full, complete and accurate books, records and accounts in the form and manner prescribed by us from time to time. You must provide to us any reports or financial information with respect to your Business as we request. At a minimum, you must send us weekly sales reports, profit and loss statements, annual tax returns of you and your owners, balance sheets and statements of profit and loss and cash flow in accordance with the terms of the Manual or otherwise communicated to you. However, you will not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law. In addition, any other periodic reports, information and supporting records as we prescribe. All reports, financial statements and information must be on forms we prescribe or approve and must be verified and signed by you.

You acknowledge that we shall have independent, unlimited access to the information generated by the Software you are required to use in the operation of the Business. Such information will include the orders, customer information, pricing, accounts receivable, electronic mail and any other information which we may require you to maintain on such computer system and software.

10. INSPECTIONS AND AUDITS

A. OUR RIGHT TO INSPECT. To determine whether you are complying with this Agreement, and/or to determine whether you are complying with all applicable specifications and quality standards in connection with your use of the System and Marks, we or our designated agents, have the right, at any reasonable time and without prior notice to you to, among other things:

1. Observe you and any employees or agents of the Business during the performance of any services;

2. Inspect any Truck displaying any signage, logo, graphic or wrap associated with the Business;

3. Inspect your office and all of your books and records; and

4. Contact and interview any customers of the Business.

We assume no liability to you or third parties with respect to such inspections, and you understand that the purpose of the inspections is to protect the System, Marks and goodwill arising therefrom, and not to assume any responsibility for any deficiencies or defects, etc. We may require that you furnish your customers with an evaluation form prescribed by us, pre-addressed and postage prepaid, to us. You must fully cooperate with our representatives making any inspection or observing your or any of your employees or agents' work in the Business.

B. <u>OUR RIGHT TO AUDIT</u>. We have the right, at any time during normal business hours, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales, service, value added, and income tax records and returns and other records of the Business. You must fully cooperate with our representatives and independent accountants hired to conduct any inspection or audit. Our right to audit continues after the expiration or termination of this Agreement.

11. <u>MARKS</u>

A. <u>OWNERSHIP AND GOODWILL OF MARKS</u>. You acknowledge that the Marks are valid service and/or trademarks, which are licensed to us by Holding. You recognize that valuable goodwill is attached to the Marks, and that you will use the Marks only in the manner and to the extent specifically licensed by this Agreement. Any goodwill arising out of your use of the Marks inures to the benefit of us and our Affiliates. You further acknowledge that the right to use the Marks and the grant contained in this Agreement is non-exclusive. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights and the rights of our Affiliates. All provisions of this Agreement applicable to the Marks apply to any additional service marks, trademarks, trade dress, trade names, logos and commercial symbols hereafter authorized for use by, and licensed to, you.

B. <u>LIMITATIONS ON USE OF MARKS</u>. You agree to use the Marks as the sole identification of the Business, provided that you identify yourself as the independent owner in the manner prescribed by us. You must not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Mark in the performance or sale of any unauthorized services or products or in any other manner not expressly authorized in writing by us. You agree to display the Marks prominently and in the manner prescribed by us on forms authorized by us. All Marks must be displayed in the manner prescribed by us. You agree to give notices of trademark and service mark registrations and copyrights as we specify and to obtain fictitious or assumed name registrations as applicable law requires.

C. <u>RESTRICTIONS ON INTERNET AND WEBSITE USE</u>. You acknowledge that we or our Affiliate are the lawful, rightful and sole owner of the www.northstarmoving.com Internet address (URL), and you unconditionally disclaim any ownership interest in that or any similar Internet address. You agree not to register any Internet address name under any Internet domain, class or category that contains the phrase "NorthStar Moving Company" or any abbreviation, acronym or variation of that phrase. We and our Affiliates retain the sole right to advertise on the Internet and create a website using the Marks or any variation of the Marks. We and our Affiliates retain the sole right to determine the content on any website we create. We retain the right to pre-approve your use of linking and framing between your web pages and all other websites. You will, within 5 days after our request, dismantle any frames and links between your web pages and any other websites.

D. <u>NOTIFICATION OF INFRINGEMENTS AND CLAIMS</u>. You will not directly or indirectly contest or aid in contesting the validity of our ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest our or our Affiliates' rights to register, use or license others to use the Marks or the System. You will not at any time (whether during or after the Term of this Agreement) directly or indirectly infringe on our rights to or in the Marks. You agree to promptly notify us of any claim, demand or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. We and our Affiliates will have the sole discretion to determine if we will defend the use of the Marks, and we are not obligated to defend the Marks. We or our Affiliates have the right to control any administrative proceeding or litigation involving the Marks. You will execute any and all instruments and documents, render assistance and do such acts as may, in the opinion of our counsel, be necessary or advisable to protect our interests or the interests of our Affiliates in any such litigation or proceedings, or to otherwise protect and maintain our interest or the interest of our Affiliates in the Marks.

E. <u>DISCONTINUANCE OF USE OF MARKS</u>. We will have the right to change the Marks to be used by you at any time and for any reason we deem appropriate. You will pay the costs associated with any change in the Marks we make, and you will make these changes promptly.

12. <u>RELATIONSHIP OF THE PARTIES/INDEMNIFICATION</u>

We and you are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between you and us. You will conspicuously identify yourself at the premises of the Business and in all dealings with the public as an independently owned business. Neither we nor you will make any agreements or representations in the name of or on behalf of the other that our relationship is other than franchisor and franchisee.

Under no circumstances will we be liable for any act, omission, debt, or other obligation of you. You will indemnify, defend and save harmless us and our employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns (each an "Indemnitee") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable legal fees and expenses, amounts paid in settlement or compromise) of any kind and nature whatsoever, including damages or injuries suffered by any Indemnitee, which may be imposed on, incurred by or asserted against any Indemnitee in any way arising out of the acts or omissions of you or your employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns pursuant to or in connection with the operation of the Business regardless of whether the Indemnitees were negligent or that this negligence was a contributing factor in any Indemnitee's liability (to the extent permitted by applicable law).

13. <u>TRANSFER</u>

A. <u>BY US</u>. We are free to assign all of our rights and obligations under this Agreement, and upon such assignment we will be relieved of all liability under this Agreement, and all rights and obligations will accrue to our successor or assignee.

B. <u>BY YOU</u>. The rights and duties created by this Agreement are personal to you. We have granted this franchise in reliance upon our perception of the individual and collective character, skill, attitude, and business and marketing abilities of you and your owners. Therefore, there can be no Transfer without our prior written consent. Any consent by us will not operate as a consent to any future Transfer, and no future Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this paragraph is voidable at our option. If we elect not to exercise our right of first refusal pursuant to Section 13.D below, we will not unreasonably withhold our consent to a Transfer, provided that the following conditions are satisfied:

1. Governmental Compliance. The Transfer is conducted in compliance with applicable laws, regulations and licensing requirements;

2. Prior Compliance. You have performed your obligations and duties under this Agreement and you are not in default under this Agreement, or any other agreement with us or our Affiliates;

3. Payments. You have satisfied all of your obligations to us or our Affiliates and suppliers under this Agreement and all other agreements you have with us or our Affiliates;

4. Release. You, including all owners, officers and directors (as well as all guarantors under this Agreement) must execute a general release, in the form approved by us, of any and all claims against us and our Affiliates, and ours and their respective owners, officers, directors, employees and agents;

5. Requirements of Transferee. The transferee meets the established standards for new franchisees, is of good moral character, and has a good credit rating, sufficient financial resources to operate the Business and competent qualifications. At our option, the transferee must assume all of your obligation under this Agreement and any and all ancillary documents, or execute the most current franchise agreement for the state in which the Business is located and any and all ancillary documents including the Guaranty and Assumption of Obligations. Neither the transferee nor any of its direct or indirect owners or affiliates operate or has an ownership interest in or performs services for a Competitive Business;

6. Transfer Fee. We are paid a "Transfer Fee" of 50% of our then-current initial franchise fee in lieu of the Initial Franchise Fee;

7. Assumption of Liabilities. The transferee agrees to assume all liabilities and obligations from the prior operation of the Business and comply with other reasonable requirements we may impose;

8. Completion of Training. The transferee or the transferee's Principal Owner, if any, successfully completes the initial training program;

9. Updates to Equipment. The transferee updates the equipment and Truck(s) used in the Business to comply with the then-current standards imposed by us;

10. Continuing Liability. If we approve a Transfer, we shall have the discretion to require you and the guarantors of this Agreement to remain liable for the full and faithful performance of the obligations of the transferee; and

11. Economically Reasonable Terms. Although we will not be required to determine the value of business upon a Transfer, if, in our reasonable judgment, the purchase price or terms of the Transfer are not economically feasible to the transferee, we can withhold our consent to such Transfer. Our consent is not, however, to be construed as an implication or warranty that the terms

of the sale are in fact economically feasible. We may, in good faith, notify you and the transferee, stating the reasons for which we have elected to withhold approval of the proposed Transfer.

C. DEATH OR DISABILITY. Notwithstanding the foregoing restrictions on Transfers, a Transfer to your or your Principal Owner's heirs, personal representatives or conservators, as applicable, in the event of death or legal incapacity of you or your one of your owners, is permissible if such heirs, personal representatives or conservators, as applicable, meet our standards for new franchisees; at our option, assume all of your obligations under this Agreement, all ancillary documents and executes a new Guaranty and Assumption of Obligations, or execute the then-current form of franchise agreement and all ancillary documents, including the Guaranty and Assumption of Obligations; and have satisfactorily completed our initial training program at such heir's, personal representative's or conservator's sole cost and expense. No Transfer pursuant to this Subsection shall be subject to the Transfer Fee.

D. OUR RIGHT OF FIRST REFUSAL. Notwithstanding the foregoing paragraphs (other than paragraph 13.C), if you receive a bona fide, executed, written offer to acquire an interest in this Agreement, you or the Business from a responsible, fully disclosed third party purchaser, you must submit a copy of the offer to us. You must also provide us with any other information we request to evaluate the offer. We have the right, exercisable by delivering written notice to you within 30 days from the date of last delivery by you of the offer and any other documents we request, to acquire such interest for the price and on the terms and conditions contained in the offer, except that regardless of the terms of the offer we may substitute cash for any form of payment proposed in the offer; require you to include customary warranties and representations in the purchase agreement; and structure the transaction as an "asset purchase," rather than a "stock purchase." We will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed sale and will not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the interest proposed to be transferred (for example, we will not be obligated to pay any earn out or other share of the profits from our operation of the Business after the Transfer is completed). If we decline to exercise our right of first refusal, you will have 90 days after the earlier of our decline to exercise the right or the expiration of the right, to sell such interest to the bona fide third party purchaser upon the terms and conditions described in the offer notice submitted to us, subject to compliance with Section 13.B. In the event you fail to complete the sale of such interest to this third party on these terms within this 90 day period, you must again comply with this paragraph and give us the first right to acquire such interest prior to any sale. Our election to not exercise our right of first refusal as to any particular offer will not affect our right of first refusal as to any subsequent offer.

14. DEFAULT AND TERMINATION

A. TERMINATION BY US.

1. With 30 Day Opportunity to Cure. We may, at our option and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate the Term of this Agreement for "good cause". Without limitation as to other situations, good cause for termination exists if you or any guarantor of this Agreement:

(a) Does not perform all of the lawful terms, conditions and obligations of this Agreement or the mandatory obligations under the Manual; or

(b) Misrepresents Gross Revenues; or

(c) Loses any permit or license which is a prerequisite to the operation of the Business for a period of 5 days; or

(d) Misuses the Marks or Confidential Information, or engages in conduct which, in our sole opinion, reflects unfavorably upon the operation, maintenance, goodwill and/or reputation of the franchise system or the Business; or

(e) Is adjudged bankrupt, becomes insolvent or makes a general assignment for the benefit of creditors (subject to paragraph 14.A.3.(d) below); or

(f) Fails to keep the Business open for a period of 5 consecutive days without justifiable cause; or

(g) Fails to pay your or their lawful debts and taxes when the same become due; or

(h) Has had an excessive number of customer complaints and/or has not acted reasonably and in the best interest of the franchise system in resolving customer complaints in our sole opinion; or

(i) Commits any other act which constitutes good cause under applicable state law or court decisions.

Subject to applicable law and except as otherwise provided in this Agreement, we will give you at least 30 days' prior written notice of default (except that, if state law permits, we will have the right to terminate earlier). The notice will state the reason(s) for default and will provide that you have 30 days from the date of the notice to correct any claimed deficiency. If the default is corrected within this period, the notice will be void. If the default is not corrected within this period, we have the right to terminate the Term of this Agreement immediately.

2. With 10 Day Opportunity to Cure. We may also terminate the Term of this Agreement for non-payment of sums due to us or our Affiliates or suppliers or your failure to open the Business for business 12 months after our acceptance of this Agreement. Subject to applicable law and except as otherwise provided in this Agreement, if termination is based on the foregoing, we will give you at least 30 days' prior written notice of such default (except that, if state law permits, we will have the right to terminate earlier). The notice will state the reason(s) for default and will provide you with at least 10 days from the date of the notice to correct any claimed deficiency. If the deficiency is corrected within this period of time, the notice will be void. If the deficiency is not corrected within this period of time, then we have the right to terminate the Term of this Agreement effective 30 days after the date we gave you notice of default.

3. Without Opportunity to Cure. Notwithstanding anything contained herein to the contrary, if state law permits, we will be permitted to terminate the Term of this Agreement immediately and without notice when the basis or grounds for termination is: (a) allegation of or conviction of a felony or the commission of any criminal misconduct that, in our sole opinion materially and adversely affects the operation, maintenance, reputation or goodwill of the Business or the System; (b) fraudulent activity that in our sole opinion materially and adversely affects the operation, maintenance, reputation or goodwill of the Business or the System; (c) abandonment of the Business; (d) your bankruptcy or insolvency or that of your guarantors; (e) the giving of more than 2 no account or insufficient funds checks to us or our Affiliates within a 12 month period, or our or our Affiliates receipt of any similar notice when utilizing any ACH payment; (f) your making or having made any material misrepresentation or omission in the application for this franchise; (g) repeated failure or refusal to comply with the lawful provisions of this Agreement, (i.e., 2 or more times in any 12 month period), whether or not such failures or refusals are corrected after notice

and whether or not such failures relate to the same provision; (h) any violation of any confidentiality, non-solicitation or non-compete provision contained within this Agreement or any agreement ancillary hereto; or (i) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law.

B. **<u>TERMINATION BY YOU</u>**. You must notify us in writing of any failure of us to perform any of our obligations pursuant to this Agreement. You may terminate the Term of this Agreement only if we materially default in our performance of any terms and conditions in this Agreement, you give us written notice within 30 days of this material default and we fail to cure this material default within 60 days of our receipt of your written notice of default.

C. **<u>CONSEQUENCES OF TERMINATION</u>**. Upon termination or expiration of the Term of this Agreement for any reason whatsoever or upon any Transfer, all of your rights hereunder shall terminate, and you must do the following:

1. Cease to be a franchisee of ours and cease to operate the Business. You must not thereafter directly or indirectly represent to the public that the former business is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of ours.

2. Discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of our business, and return any copyrighted materials that have been provided to you by us or our Affiliates, including the Manual and any other materials that contain the Marks.

3. Pay all amounts due to us, our Affiliates and suppliers.

4. Cancel any assumed name registration or equivalent registration obtained by you that contains the Marks, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within 5 days of the termination or expiration of the Term of the Agreement or the Transfer. Thereafter, you must not do business under any name using any Mark (or any abbreviation or derivation thereof, or substantially similar thereto).

5. You will immediately cease providing services to all customers and forfeit all rights you have to the customer accounts and any and all information about the customers. Upon our request, you will assign us any or all of your customer contracts, and we will have the right to either service the accounts or assign the servicing of the accounts to others. In such event, you will provide us with all records, files and information on each customer upon our request.

6. Comply with all post-term covenant obligations, including without limitation the Confidential Information, non-competition, non-solicitation and indemnification provisions.

7. You understand that we reserve the right to include a function in the Software which will allow us to automatically cease your right to use the Software. We are permitted to do this in the event of the termination or expiration of this Agreement. Neither we nor our Affiliates will be liable to you for any damages whatsoever that may result directly or indirectly from our disabling the functionality of the Software pursuant to this section.

8. You irrevocably appoint us or our nominee to be your attorney-in-fact coupled with an interest, and with power of substitution, to execute and to file for you any relevant document to transfer your telephone number or telephone listing. We have the right to file an original counterpart or a copy of this Agreement with the telephone company, landlord or any court, agency

or person as written evidence of your appointment of us or our nominee to be your attorney-in-fact. A power of attorney is attached hereto as Exhibit IV.

Neither a Transfer nor the termination or expiration of the Term of this Agreement will relieve you of any of your obligations to us or our Affiliates existing at the time of such Transfer, termination or expiration, or terminate your obligations that, by their nature, survive a Transfer, or the termination or expiration of the Term of this Agreement. Furthermore, a Transfer or the termination or expiration of the Term of this Agreement will be without prejudice to our rights against you; and in the event of a termination that is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all rights and remedies available at law or in equity.

D. OUR RIGHT TO PERSONAL PROPERTY. After the termination or expiration of this Agreement, but not upon an approved Transfer pursuant to Section 13.B, we shall have the right, but not the obligation, to purchase all of your equipment, inventory, supplies and other personal property used in connection with the operation of the business. The purchase price shall be book value minus any liens. We shall have 30 days after the book value is determined, to exercise the rights granted hereunder, and shall thereafter have an additional thirty (30) days to pay for the property it desires to purchase. If we fail to exercise its rights within the time periods set forth above, you shall be free to otherwise sell or dispose of the property.

E. OPERATION OF THE FRANCHISED BUSINESS. In order to prevent any interruption of the franchise business which would cause harm to the business, if you are unable to operate the Business for any reason whatsoever, you abandon or fail to actively operate the Business for any period or you fail to cure a breach within the applicable cure period (if any), you authorize us or our agents and Affiliates to operate the Business if we desire to do so, in our sole discretion, for so long as we deem necessary and practical. All income from the operation of the Business shall be kept in a separate account, and the expenses of the business, including our reasonable compensation and expenses shall be charged to said account. We may charge you a reasonable management fee that we specify plus any out-of-pocket expenses incurred in connection with the management of the Business. We and our designees will have a duty only to use reasonable efforts upon assuming the Business' management and will not be liable for any debts, losses or obligations that the Business incurs, or to any creditors for any supplies or other products or services purchased for the Business in connection with such management. Nothing contained herein shall be construed to require us to operate the Business in the case of your inability to operate same, and the rights set forth herein may be exercised in our sole and absolute discretion.

15. RESTRICTIVE COVENANTS

A. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION. In consideration of our granting you a franchise, and in recognition by you that the Confidential Information constitutes valuable and unique assets owned by or in the custody of us, you hereby agree and covenant that you will not use or disclose the Confidential Information or any part of the Confidential Information in any manner or for any purpose other than in the performance of your obligations pursuant to this Agreement and your operation of the Business, now and in the future. You must hold all the Confidential Information in the strictest confidence and not use it, reproduce it, distribute it or disclose it to anyone without our prior written consent or as required by law during the Term of this Agreement and thereafter. You agree that the disclosure or use by one of your partners, shareholders, members or owners, or any spouse or member of the immediate family of the foregoing, of any Confidential Information other than in the operation of the Business, shall be deemed a breach and default by you of this Section. You further acknowledge that it would be an unfair method of competition for you or such partner, shareholder, member, owner, spouse or family member to use, duplicate or disclose any of the Confidential Information or knowledge, know-how or expertise received from us for any use other than the operation of the Business in accordance with this Agreement.

B. <u>COMPETING BUSINESS DURING THE TERM OF THIS AGREEMENT</u>. You acknowledge the uniqueness of the System and that we are making our knowledge, know-how and expertise available to you for the purpose of operating the Business. You agree that it would be an unfair method of competition to use or duplicate or to allow others to use or duplicate, any of the knowledge, know-how or expertise you receive from us or our Affiliates for any reason other than for the operation of the Business under this Agreement. You further recognize the importance of devoting substantial time and energy to the Business. Therefore, you warrant that during the Term of this Agreement, unless you have our prior written consent, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business except as a duly licensed franchisee of ours (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

C. <u>COMPETING BUSINESS AFTER THE TERM OF THIS AGREEMENT</u>. For 2 years after a Transfer, the termination or expiration of the Term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to or have any interest based on profits or revenues of any Competitive Business (except for other outlets franchised from us to you or your owners, and except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will cover the area within the metropolitan area which contains your Territory and all metropolitan areas which contain protected territories of other NorthStar Moving Companies.

D. <u>NON-SOLICITATION</u> For 2 years after a Transfer, the termination or expiration of the Term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, you will not, directly or indirectly, solicit or accept any business from, and will not directly or indirectly contact any existing customers or identified prospective customers with whom you or your employees or other agents have had direct or indirect contact or about whom you or your employees or other agents have learned Confidential Information by virtue of the operation of the Business ("Customers"), other than Customers with whom you have had no contact within the 2 years preceding such termination, expiration or Transfer.

E. <u>REASONABLENESS OF RESTRICTIONS</u>. You and the guarantors of this Agreement acknowledge and confirm that the length of the term and geographical restrictions contained in this Section 15 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. You acknowledge and confirm that your and their full, uninhibited and faithful observance of each of the covenants contained in Section 15 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Section 15 will not impair your or their ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to you or them, or otherwise to obtain income required for your or their comfortable support and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

You acknowledge that to disregard the provisions of this Section 15 would effectively foreclose us from selling other franchises and you could be unjustly enriched and unfairly derive benefit from the goodwill of and training you receive from us. Moreover, our franchisees and the NorthStar Moving Companies could be severely disadvantaged if you compete against them using the Marks or other Confidential Information. We intend to restrict your activities under Section 15 of this Agreement only to the extent necessary for the protection of our, our Affiliates' and our franchisees' legitimate business interests. Each of the foregoing covenants will be construed as severable and independent, and will be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction will determine the business, time or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then the court so holding will reduce the limitation necessary to render such restriction enforceable by the court. We will have the right to reduce the scope of any covenant contained in Section 15, without your consent, effective immediately upon receipt by you of our written notice; and you will comply with any reduced covenant. In addition to any other remedies available at law or equity, we will have the right to injunctive relief for your violation or threatened violation of any covenant described in Section 15. The terms of this non-compete are assignable by us and will inure to our benefit, as well as our successors and assigns. In the event of any assignment, sale, merger or change in our ownership or structure, the resulting entity will step into our place, without any additional consent of or notice to you, as if the terms "us", "our" or "we" were defined in this Agreement to include such entity.

16. DISPUTE RESOLUTION

A. Mediation. Before any party may bring an action in court for any controversy, dispute or claim between you and us arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the "Mediation") in Los Angeles, California, unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the "AAA Mediation Rules") except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted through the AAA. You and we will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by you. All negotiations and mediation proceedings (including, without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, you and we agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by us and relating to our trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. Litigation. Except as otherwise provided in this Agreement, all controversies, disputes or claims between you and us arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court for Los Angeles, CA when the grounds set forth in 28 U.S.C.§ 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of California law or to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims we have relating to our trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in California. Both parties agree to submit to the jurisdiction of the state and federal court in California.

C. **Arbitration**. In the event that the federal court described above does not have jurisdiction over the dispute, the partie~~s~~, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Los Angeles, CA (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted through the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party is limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes Franchisor, its respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, Franchisor may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not we were a party) will not be binding on us in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, you and we will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. Except as provided in subsection A. above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. **Dispute Resolution Fee**. In the event that you or your owners or guarantors have not complied with the provisions in this Section on Dispute Resolutions, you shall reimburse us for all of our expenses incurred in curing your breach (including, without limitations, our attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay us a Dispute Resolution Fee of $25,000 ("Dispute Resolution Fee"). You acknowledge and agree that we will be damaged by such breach. You agree that a precise calculation of the full extent of the damages that we will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. We have the right to collect these amounts in addition to exercising any and all other rights we may have for non-compliance under this Agreement.

17. ENFORCEMENT

A. **SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS**. Except as expressly provided to the contrary, each section, paragraph, term and provision of this Agreement, and any portion thereof, is considered severable. To the extent that any part of this Agreement is deemed unenforceable by virtue of its scope in terms of area, time or business activity prohibited, but could be enforceable by reducing any or all provisions, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of the Term of this Agreement or refusal to renew this Agreement than is required in this Agreement, or the taking of some other action not required in this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by the law or rule shall be substituted for the comparable provisions.

B. **ENTIRE AGREEMENT**. The terms contained herein and in the preambles and exhibits hereto constitute the entire agreement between the parties regarding the subject matter herein, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein; provided however, that nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that was furnished to you in connection with the offer to operate the Business. No amendment to this Agreement is binding unless executed in writing by both parties. You acknowledges that you are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of the franchised business and not on reliance of or as a result of any representations made by our owners, officers, directors, managers, employees, agents, representatives, attorneys, franchisees, area representatives, or brokers which are not contained in or are contrary to the terms set forth in this Agreement or of any representation in the franchise disclosure document.

You acknowledge that you are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of the franchised business and not on reliance of or as a result of any representations made by our owners, officers, directors, managers, employees, agents, representatives, attorneys, franchisees, area representatives, or brokers which are not contained in or are contrary to the terms set forth in this Agreement or of any representation in the franchise disclosure document.

C. **NO WAIVER**. Neither our waiver of a breach or default by you, nor our delay or failure to exercise any right upon your breach or default, nor our acceptance of any payment from you, will be deemed a waiver, nor will it impair our rights for other breaches or defaults of the same or a different kind.

The description of any breach or default in any notice will not prevent our assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular NorthStar Moving Company, but the waiver in favor of any other franchisee or NorthStar Moving Company will not prevent us from enforcing the requirements against you, all other franchisees and all other NorthStar Moving Companies.

D. OBLIGATIONS ABSOLUTE. You agree that your obligations to make any payments as specified in this Agreement, and any other agreement entered into with us or any of our Affiliates with respect to the Business, and the rights of us and our Affiliates to receive such payments are absolute and unconditional and are not subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us and any of our Affiliates or against any other person for any reason whatsoever.

E. COSTS AND ATTORNEYS' FEES. If we incur attorneys' fees or other expenses in seeking enforcement of this Agreement or defending any claim you bring against us, including without limitation, a claim related to the offering of a franchise or the franchise relationship, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' and expert witness fees).

F. DAY-TO-DAY CONTROL. You have the sole right and responsibility for the manner and means by which the day-to-day operation of the Business is determined and conducted and for achieving your business objectives. Subject to any approval, inspection and enforcement rights reserved to us, your rights and responsibilities include the employment, supervision, setting the conditions of employment and discharge for employees at the Business, daily maintenance, safety concerns, and the achievement of conformity with the System, notwithstanding anything contained herein or in the Manual to the contrary. We expressly disclaim any responsibility or undertaking to ensure your compliance with the satisfactory and legal operation of the Business, and we will not in any way be liable to you or any third parties for your failure to comply with any of the terms of this Agreement or your failure to comply with any of our standards or suggestions, it being the understanding of the parties that you and you alone are responsible for the day-to-day operations of the Business.

G. GOVERNING LAW/CONSENT TO JURISDICTION. You acknowledge that this Agreement was accepted in the State of California. You acknowledge that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in California, where our decision-making authority is vested and franchise operations are conducted and supervised. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of California without regard to principles of conflicts of law. However, any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between a franchisor and a franchisee or any similar relationship (including the California Franchise Investment Law), will not apply unless its jurisdictional requirements are met independently without reference to this Section 17.H. If, however any provision of this Agreement would not be enforceable under the laws of California, and if the Territory is located outside of California and the provision would be enforceable under the laws of the state in which the Territory is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where the Territory is located. We may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of California and you and each guarantor of this Agreement irrevocably submits to the jurisdiction of these courts and waive any objection to the application of California law or to the jurisdiction or venue in these California courts. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement in Exhibit III. We will not, however, be precluded from contesting the validity, enforceability, or applicability or such regulator's required amendment in any action relating to this Agreement or to its rescission or termination.

H. **BINDING EFFECT**. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both you and us.

I. **REPRESENTATIVE CAPACITY**. In all of their dealings with you, our officers, directors, employees and agents act only in their representative capacity for us, and not in any individual capacity or on behalf of us or our Affiliates or agents.

J. **TIMING**. Time is of the essence of this Agreement. It will be a material breach of this Agreement for you to fail to perform any of your obligation within the time required or permitted by this Agreement.

K. **APPROVALS**. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing and signed by us. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

L. **CUMULATIVE RIGHTS AND REMEDIES**. In addition to any other remedies in law or in equity to which it may be entitled, we will be entitled, without bond, to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event you actually or anticipatorily breach this Agreement. No right or remedy conferred upon us is intended to be exclusive, and every right or remedy granted in this Agreement will be cumulative and in addition to any other rights or remedies available under this Agreement, or otherwise. For purposes of this Agreement, a termination will include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.

M. **RECEIPT OF THE FDD**. You acknowledge receipt of our franchise disclosure document along with this Agreement, at least 14 days before your execution of this Agreement or any payment by you to us. If any unilateral modifications have been made to this Agreement, you acknowledge that you have had at least 7 days to review them.

N. **CONSTRUCTION**. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of the sections or paragraphs. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If you are comprised of 2 or more persons, the obligations and liabilities to us of each of these persons will be joint and several. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. This Agreement is executed in multiple copies, each of which is deemed an original.

18. **NOTICES AND PAYMENTS**. All notices required under this Agreement will be in writing and will be given: (i) if hand delivered, on the day of delivery; (ii) 3 business days after placement in the United States Mail by registered or certified mail, postage prepaid; or (iii) the day after placement with a courier guaranteeing overnight delivery, in each case addressed to the address listed on the signature page of this Agreement or at such other address as either party will specify in a notice to the other party.

19. **YOUR WARRANTIES AND REPRESENTATIONS** You and your guarantors have been advised to make an independent investigation of our operations. We have not and do not represent that you can expect to attain a specific level of sales, profits, or earnings. You and your guarantors have been advised to obtain independent professional and legal advice regarding this franchise. You and your guarantors understand that you and they may sustain losses as a result of the operation or the closing of the Business. You and your guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on your skills, abilities, initiative and hard work.

You and your guarantors represent and warrant that the execution, delivery and performance of this Agreement by you, and the Guaranty and Assumption of Obligations by the guarantors, do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity.

Under applicable U.S. Law, including executive order 13224, signed on September 23, 2001 (the "Order"), you are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism as defined in the Order. Accordingly, you do not and hereafter will not engage in any terrorist activity. In addition, you are not affiliated with and do not support any individual or entity engaged in, contemplating or supporting terrorist activity. You are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating or supporting terrorist activity, or to otherwise support or further any terrorist activity.

20. CAVEAT

THE SUCCESS OF THE BUSINESS IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE FRANCHISED BUSINESS, AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATION OR WARRANTY ON OUR BEHALF NOR WILL YOU RELY ON ANY SUCH REPRESENTATIONS OR WARRANTIES.

YOU UNDERSTAND AND AGREE THAT WE HAVE NO OBLIGATION TO ACCEPT YOUR APPLICATION AND MAY REFUSE TO GRANT YOU A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR OUR DECISION. YOU ACKNOWLEDGE THAT UNLESS AND UNTIL WE SIGN THIS AGREEMENT, THE FRANCHISE HAS NOT BEEN GRANTED, YOU ARE NOT A FRANCHISEE OF OURS AND YOU MAY NOT RELY UPON BECOMING A FRANCHISEE OF OURS.

21. LIMITATION OF LEGAL ACTIONS

IN NO EVENT WILL WE BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU.

THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

ANY DISAGREEMENT BETWEEN YOU AND US (AND OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION, AND YOU WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF,

CONSOLIDATED OR COLLECTIVE ACTION.

YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN 1 YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

OUR MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF OUR OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT FRANCHISEE PAID TO US WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY US.

22. **NON-LIABILITY OF OUR AFFILIATES**. We are the only company obligated to you under this Agreement. You may not look to any Affiliates, or related companies, other business entities or individuals for performance of this Agreement. You acknowledge and agrees that all of our rights and all of your obligations relating to the Marks under this Agreement insure to the benefit of our Affiliate, Holding, and that it has a third party beneficiary interest in this Agreement. Holding has the right, but not the obligation, to enforce any provision of this Agreement if we fail to properly and promptly do so.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

FRANCHISOR:
NORTHSTAR FRANCHISING, LLC
A California limited liability company

By:______________________________
Abraham Katalan, President

Address: 19401 Business Center Drive
Northridge, CA 91324

FRANCHISEE:
(If FRANCHISEE is a corporation or limited liability company)

____
Name of corporation or limited liability company

By:______________________________
__________, ______________

(If FRANCHISEE is an individual owner, FRANCHISEE must sign below; if a partnership, all partners must sign below)

____
Franchisee

____
Franchisee

Address: ______________________________

____

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date (the "Agreement") by NorthStar Franchising, LLC (the "Franchisor"), and ________________________ a ______________ _______________ ("Franchisee"), each of the undersigned ("Guarantor") personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and as provided in the Agreement, that Franchisee must punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each undersigned agrees to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement, including but not limited to, the restrictive covenants, including non-disclosure, non-solicitation and non-competition provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Marks, indemnification, consequences of termination, expiration or Transfer provisions to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned shall survive any expiration or termination of the Term of the Agreement or this Guaranty and Assumption of Obligations.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this guaranty is joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) liability is not contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) liability is not diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty and Assumption of Obligations, which is continuing and irrevocable during the term of the Agreement.

Guarantor consents and agrees that:

(1) Guarantor's liability under this Guaranty and Assumption of Obligations is direct, immediate, and independent of the liability of, and is joint and several with, Franchisee and the other owners of Franchisee;

(2) Guarantor shall render any payment or performance required under the Franchise upon demand if Franchisee fails or refuses punctually to do so;

(3) This Guaranty and Assumption of Obligations will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this Guaranty and Assumption of Obligations nor any remedy for enforcement is impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of

Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(4) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor waives the defense of the statute of limitations in any action or for the collection of any indebtedness or the performance of any obligation guaranteed; and

(5) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of amounts due pursuant to this Guaranty and Assumption of Obligations or any negotiations relative to the obligations guaranteed or in enforcing this Guaranty and Assumption of Obligations against Guarantor.

Further, the undersigned also hereby consents to the applicability of the venue, governing law and jurisdiction provision in the Agreement to this Guaranty and Assumption of Obligations.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name__________________________
Signature___________________________
Date_______________________________
Address: ___________________________
____

Print Name__________________________
Signature___________________________
Date_______________________________
Address: ___________________________
____

EXHIBIT I
TO THE FRANCHISE AGREEMENT

TERRITORY

The Territory is as follows:

____
____
____
____

EXHIBIT II
TO THE FRANCHISE AGREEMENT

BOOKKEEPING SERVICES ADDENDUM

BOOKKEEPING SERVICES ADDENDUM

This Bookkeeping Services Addendum ("Addendum") is made the____day of ____ 20__ between NorthStar Franchising, LLC ("we" "us" and "our") and ___________ ("you" and "your").

We and you have entered into a Franchise Agreement for the operation of a NorthStar Moving Company dated___________, 20__ ("Franchise Agreement");

At your request, we have agreed to provide certain bookkeeping services for your NorthStar Moving Company ("Business") in accordance with the terms and conditions set forth herein;

NOW, the parties agree as follows:

I. Bookkeeping Services to be Provided. In exchange for the Bookkeeping Services Fee described inSection IV below, we agree to provide the following bookkeeping services for your Business:

Services	**Frequency**
Reconcile bank statements	Monthly
Reconcile credit card statements	Monthly
Record loan payments	As needed
Setup schedules for loans, depreciation, amortization	As needed
Record fixed assets and depreciation/amortization	As needed
Prepare journal entries	Monthly
Update balance sheet accounts	Monthly
Prepare and analyze Income Statements	Monthly
Bill storage clients	Monthly
Track storage move in/out	Daily
Record credit card merchant receipts	Monthly
Record and reconcile payments received by our office(if any)	Upon receipt
Any additional Service the parties agree to in writingto include:	

The services listed above are referred to as "Services". A more detailed description of the Services is set forth in the Manual or as otherwise communicated to you. You grant us the right and authority to performthe Services.

II Your Required Obligations. In order for us to provide the Services, you will need to have a subscription to QuickBooks Online, and Transaction Pro Importer. In addition, you will also need to input or provide us with the following information:

Your Additional Obligations	**Frequency**
Record move invoices sent to clients	Upon receipt

Record deposits received (cash, check, wire)	Upon receipt
Record expenses (cash, check, wire)	Upon receipt
Send information for storage move in/out	Daily
Record large bills into correct accrual period	Upon receipt
Record bounced client checks	Upon receipt
Provide online access to bank feed	Upon setup
Provide online access to credit card	Upon setup
Provide online access to merchant account	Upon setup
Send loan documents (if any)	As needed
Any additional obligations listed:	

You understand that you have certain obligations under the Franchise Agreement to provide us with certain information in a timely manner. A more detailed description of your obligations and the timing of your obligations will be set forth in the Manual or as otherwise communicated to you. If you fail to complete your obligations in a timely manner, you may incur additional fees under the Franchise Agreement.

III. Term. The initial term of this Addendum will begin on the date the Business opens for operation and unless it is terminated earlier according to the terms herein, will continue for a period of 1 year. The term of this Addendum will be automatically renewed for successive one-year periods thereafter unless either you or we give the other party written notice of termination at least 60 days before the end of the then-current term. We have the right to terminate this Addendum immediately upon the expiration or termination of the Franchise Agreement.

IV. Bookkeeping Service Fee. You will pay us monthly, by the 5th day of each month a Bookkeeping Service Fee of $___. If we provide additional services beyond the Services, these will be charged atour hourly rate depending on the complexity of the service and which employee must provide said service.All amounts due under this Addendum will be paid in accordance with the provisions of the Franchise Agreement. We may adjust the Bookkeeping Services Fee upon 60 days prior written notice, but only upon renewal of the term of the Addendum. Your failure to pay any amounts due under this Addendum in a timely manner may result in our suspension of providing the Services. You are responsible for all taxes (such as service taxes, sales and/or use and excise taxes, but excluding income taxes) that may be assessed on the delivery of Services.

V. Limitation of Liability. You acknowledge that we are relying on you to provide accurateinformation. We will not be responsible for errors resulting from any incorrect information which you provide to us. Further, we will not be liable for any damages to you arising out of any acts or omissions byus in performing the Services. Your damages will be limited to the following, in our sole discretion: (i) wewill redo the Services as issue at no charge; or, (ii) we will give you a credit for the amounts paid for the alleged deficient Services. Under no circumstances are we liable to you for consequential, incidental, lossprofits, punitive or special damages. We cannot guaranty or warrant that the Services are correct, complete,merchantable or fit for your intended purpose. We can only provide a warranty of reasonable care and make no other warranty with respect to the Services, whether express or implied. WE EXPRESSLY DISCLAIM ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL OUR LIABILITY HEREUNDER EXCEED THE AGGREGATE OF ALL AMOUNTS PAID TO US BY YOU WITHIN THE LAST 12 MONTHS.

VI. Indemnification. We will use due care in performing the Services, but shall not be responsible for errors not directly attributable to computer system or our employees. You agree to hold us harmless for any loss, liability, claim, damage or other legal action for or on account of any errors caused by or made by you. We agree to hold you harmless for any loss, liability, claim, damage or other legal action for or onaccount of any errors caused by or attributable to processing by us.

VII. Your Acknowledgement. You understand that having us provide Services does not replace your need for a tax professional or an accountant, and you acknowledge that you are not relying on us for compliance with applicable laws. We strongly suggest that you consult with your tax professional or accountant to make sure you are in compliance with all applicable laws. We disclaim that our Services willsatisfy or ensure compliance with any legal obligations, laws or regulations including but not limited to theGramm-Leach-Bliley Act of 1999, the Sarbanes-Oxley Act of 2002, all federal, state and local income, payroll, sales tax and other tax laws and any other federal state or state statutes or regulations.

VIII. Default and Termination. If you breach any term of this Addendum, we have the right to terminate this Addendum if you fail to cure the breach within 10 days after you receive written notice of the breach. In addition, we will have all right and remedies under the Franchise Agreement.

IX. Modification of Franchise Agreement. The undersigned Guarantors sign this Addendum to acknowledge and ratify the modification to this Franchise Agreement and that the Guaranty and Assumption of Obligations remains in full force and effect. Except as modified by this Addendum, all of the terms of the Franchise Agreement and the Guaranty and Assumption of Obligations shall remain in full force and effect. Capitalized terms in this Amendment that are not otherwise defined will have the meanings as set forth for such terms in the Franchise Agreement. This Amendment hereby forms a part of and is incorporated into the Franchise Agreement.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date set forth above.

FRANCHISOR: **NORTHSTAR FRANCHISING, LLC**	**FRANCHISEE:** ________________________
By: ______________________________ **Abraham Katalan, President**	_________________________

GUARANTORS:

____

____

EXHIBIT III
TO THE FRANCHISE AGREEMENT

STATE LAW ADDENDUM

EXHIBIT IV

IRREVOCABLE POWER OF ATTORNEY

IRREVOCABLE POWER OF ATTORNEY

That ____________________ ("FRANCHISEE") does hereby irrevocably constitute and appoint NORTHSTAR FRANCHISING, LLC ("NSF"), as FRANCHISEE'S true and lawful attorney-in-fact and agent for FRANCHISEE and in FRANCHISEE'S name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of NSF, shall be necessary or advisable for the sole purpose of assigning to NSF all of FRANCHISEE'S right, title and interest in and to any and all telephone numbers used in connection with the Orange Leaf Frozen Yogurt Store operated by FRANCHISEE (the "Store") and all related Yellow Pages, White Pages and other business listings, including, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services to FRANCHISEE, and to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record, and file all such agreements, certificates, instruments and documents as, in the sole discretion of NSF, shall be necessary or advisable for the sole purpose of assigning to NSF all of FRANCHISEE'S right, title and interest in and to any Internet and website name pages, domain name listings, and registrations that contain the Marks, or any of them, in whole or in part, hereby granting unto NSF full power and authority to do and perform any and all acts and things which, in the sole discretion of NSF, are necessary or advisable to be done as fully to all intents and purposes as FRANCHISEE might or could itself do, and hereby ratifying and confirming all that NSF may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether FRANCHISEE has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with NSF shall be required to ascertain the authority of NSF, nor be responsible in any way for the proper application of funds or property paid or delivered to NSF. Any person, firm or corporation dealing with NSF shall be fully protected in acting and relying upon a certificate of NSF that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and FRANCHISEE shall not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of FRANCHISEE by NSF shall be deemed to include such a certificate on the part of NSF, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate 2 years following the expiration or termination of that certain Franchise Agreement dated of even date herewith by and between NSF and FRANCHISEE. Such termination, however, shall not affect the validity of any act or deed that NSF may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest and such Power of Attorney shall not be affected by the subsequent disability or incapacity of the principal.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned has executed this Irrevocable Power of Attorney as of the ____ day of __________, 20__.

FRANCHISEE:___________________________

By: ____________________________________

Name: __________________________________

Title: ___________________________________

THE STATE OF ______________________)
)
COUNTY OF _________________________)

BEFORE ME, the undersigned authority, on this day personally appeared ____________________ of ____________________, known to me to the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he/she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day of______________, 20__.

____

Notary Public

My Commission Expires:

____

<u>Exhibit D</u>

STATE SPECIFIC ADDENDA

CALIFORNIA STATE LAW ADDENDUM

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.

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the franchise disclosure document and Franchise Agreement for NORTHSTAR FRANCHISING, LLC for use in the State of California shall be amended as follows:

Item 3 of the FDD is supplemented to include the following:

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

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

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

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

C. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

D. The franchise agreement requires binding arbitration under certain circumstances. The arbitration will occur at Los Angeles County, California with the costs being borne by the non-prevailing party.

E. The franchise agreement requires application of the laws of California law.

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

G. Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by ruleor order require, prior to a solicitation of a proposed material modification of an existing franchise.

H. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business andProfessions Code

Sections 20000 through 20043.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

I. No statement, questionnaire, or acknowledgment signed or agreed to be a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims, or (ii) disclaiming any 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.

J. **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.**

K. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually, or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Agency. Franchisees or former franchisees, listed in the FDD, may be one source of this information.

NORTHSTAR FRANCHISING, LLC

By:______________________________________
Abraham Katalan, President

Date:__________________________

FRANCHISEE: __________________________

By: __________________________

Date: __________________________

<u>Exhibit E</u>

RELEASE

THIS GENERAL RELEASE (the "General Release") is made by the undersigned (hereinafter "Releasor(s)") for the benefit of NorthStar Franchising, LLC (hereinafter, "Franchisor"), on this ____ day of __________, 20____.

RECITALS:

WHEREAS, Releasor is a franchisee and operates a NorthStar Moving Company (the "Franchised Business") pursuant to that certain franchise agreement dated ____________(the "Franchise Agreement");

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to _________________________ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under applicable state law.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term "Releasor" shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor’s rights from legal counsel of Releasor’s choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

____

By:___________________________________
Name:________________________________
Title:_________________________________

<u>Exhibit F</u>

LIST OF FRANCHISEES IN THE SYSTEM

CALIFORNIA

Hardeep Singh
Move With Ease, Inc.
951 Mariners Island Blvd, Suite 300
San Mateo, CA 94404
510-401-5192

AFFILIATE-OWNED UNITS

ARIZONA

Scottsdale Moving & Storage, Inc.
20 E Thomas Road, Suite 2200
Phoenix, AZ 85012
602-275-7767

CALIFORNIA

NorthStar Moving Corporation
19401 Business Center Drive
Northridge, CA 91324
818-727-0194

TEXAS

Texas Luxury Moving, Inc.
2021 Guadalupe Street, Suite 260
Austin, TX 78705
512-790-0087

FRANCHISEES WHO LEFT THE SYSTEM

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document is listed below. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

None

Exhibit G

TABLE OF CONTENTS OF THE MANUAL

This Table of Contents of the Manual is subject to change at any time and from time to time

NORTHSTAR FRANCHISING, LLC
FRANCHISE OPERATIONS MANUAL

TABLE OF CONTENTS

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
California	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 H

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If NorthStar Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, we must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 14 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. Under Michigan law, if applicable, we must provide this disclosure document to you at least 10 business 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. Under New York law, if applicable, we must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business 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.

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

The name, principal business address and telephone number of each franchise seller offering the franchise:

❑ Ram Katalan	19401 Business Center Drive, Northridge, California 91324; telephone 1-800-275-7767
❑	

Issuance Date: April 18, 2023

I have received a Disclosure Document dated April 18, 2023, that included the following Exhibits: (A) Agents for Service of Process & State Administrators, (B) Financial Statements, (C) Franchise Agreement, (D) State Specific Addenda, (E) Release, (F) List of Franchisees, (G) Table of Contents of the Manual, and (H) Receipts.

Date:______________________________ Signed: ____
Print Name: ______________________________________
Address: ____
____

Date:______________________________ Signed: ____
Print Name: ______________________________________
Address: ____
____

Prospective Franchisee’s Copy

RECEIPT

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Date:______________________________

Signed: ____
Print Name: ______________________________________
Address: ____
____

Date:______________________________

Signed: ____
Print Name: ______________________________________
Address: ____
____

Please sign this copy of the Receipt, date your signature and return it to Ram Katalan, 19401 Business Center Drive, Northridge, CA 91324.