

FRANCHISE DISCLOSURE DOCUMENT



OE Franchise, LLC
a Colorado limited liability company
357 McCaslin Blvd, Ste 200
Louisville, CO 80027
Phone: (877) 449-0498
Fax: (303) 625-4031
Email: Franchise@OfficeEvolution.com
www.OfficeEvolution.com
www.OfficeEvolutionFranchise.com

Office Evolution® businesses provide shared office services, including live answering service and telephone call management, executive suites, temporary office use, conference and training room use, co-working/drop in work space, business center locations, a professional business address, and other related products and services (“Office Evolution Business(es)”).

The total investment necessary to begin operation of an Office Evolution franchised business is between \$373,950 and \$1,557,000. This includes \$63,150 to \$99,800 that must be paid to the franchisor or its affiliate(s).

Office Evolution area developers acquire the right to develop multiple Office Evolution Businesses in a designated geographic area. The total investment necessary to begin operation of an Office Evolution area developer business will depend on the number of Office Evolution Businesses to be developed. The multi-unit development fee ranges from \$80,000 for two Office Evolution Businesses to \$105,000 for three Office Evolution Businesses. The multi-unit development fee for each additional business after the third business is \$25,000. The total investment necessary to begin operation of an Office Evolution area developer business operating two Office Evolution Businesses ranges from \$735,500 to \$3,101,500. This includes \$116,300 to \$189,600 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of an Office Evolution area developer business operating three Office Evolution Businesses ranges from \$1,084,500 to \$4,633,500. This includes \$159,450 to \$267,450 that must be paid to the franchisor or its affiliates. For each additional Office Evolution Business opened under an area development agreement, you will pay the same costs as a single franchise, but certain fees will be discounted with each Office Evolution Business.

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 a 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 Tamara Atkin at 357 McCaslin Blvd, Ste 200, Louisville, CO 80027, (877) 449-0498.

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, DC 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 information on franchising.

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

Issuance Date: April 15, 2020

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 E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit 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 Office Evolution Franchised 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 an Office Evolution Franchised Business franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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.

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (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 or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub franchisor.

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

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

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

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

The fact 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 Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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

TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
ITEM 1 THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	3
ITEM 3 LITIGATION	4
ITEM 4 BANKRUPTCY	4
ITEM 5 INITIAL FEES	4
ITEM 6 OTHER FEES.....	6
ITEM 7 ESTIMATED INITIAL INVESTMENT.....	12
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	19
ITEM 9 FRANCHISEE’S OBLIGATIONS.....	21
ITEM 10 FINANCING.....	23
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	24
ITEM 12 TERRITORY	32
ITEM 13 TRADEMARKS	36
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	38
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	39
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	40
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	41
ITEM 18 PUBLIC FIGURES	46
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	46
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	59
ITEM 21 FINANCIAL STATEMENTS	65
ITEM 22 CONTRACTS	65
ITEM 23 RECEIPT	65

EXHIBITS:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit E	List of Current and Former Franchisees/Area Developers
Exhibit F	Franchise Operations Manual Table of Contents
Exhibit G	Contracts for Use with the Office Evolution Franchise
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Addenda and Agreement Riders
Exhibit J	State Effective Dates and and Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “OEF” and “we,” “us,” and “our” means OE Franchise, LLC, the franchisor. “You,” “your,” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from OEF.

The Franchisor, its Parents, and Affiliates

OEF is a Colorado limited liability company formed on May 15, 2012. We operate under the name OE Franchise, LLC and Office Evolution and no other name. Our principal business address is 357 McCaslin Blvd, Ste 200, Louisville, CO 80027. We began offering franchises for Office Evolution Businesses in July 2012. We have not, and do not, operate any franchises like those described in this Franchise Disclosure Document or in any other line of business. We do not conduct any business other than franchising Office Evolution Businesses. We have no predecessor entities.

Our parent company is Office Evolution, LLC (“OE Parent”), a Colorado limited liability company formed on January 21, 2013. OE Parent’s principal business address is 357 McCaslin Blvd, Ste 200, Louisville, CO 80027. OE Parent is a wholly-owned subsidiary of our ultimate parent, Boulder Office Partners, LLC (“OE Ultimate Parent”), a Colorado limited liability company formed on December 12, 2002, whose principal business address is 357 McCaslin Blvd, Ste 200, Louisville, CO 80027. OE Ultimate Parent owns the intellectual property and trademarks for the Office Evolution franchise system and licenses them to us. OE Ultimate Parent operated Office Evolution Businesses from April 2003 to December 31, 2012, and transferred all of those businesses to our affiliate, OE Colorado, LLC (“OE Colorado”). Our parent companies have never offered franchises in any line of business and do not operate businesses of the type you will be operating.

As of December 31, 2019, OE Colorado operated eight businesses similar to the type being offered in this Franchise Disclosure Document, and has operated businesses similar to the type being offered in this Franchise Disclosure Document since 2013. Our second affiliate, OE Columbus-CBD, LLC (“OE Columbus”) operated one business similar to the type being offered in this Franchise Disclosure Document beginning in 2018, but it is no longer in operation as of December 31, 2019. OE Colorado and OE Columbus do not provide products or services to franchisees and have not offered franchises in any line of business.

Our agent for service of process in Colorado is Mark Hemmeter, 357 McCaslin Blvd, Ste 200, Louisville, CO 80027. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

We offer franchises (“Office Evolution Franchise(s)” or “Franchise(s)”) for the use of our Office Evolution trademarks, trade names, service marks, and logos (“Marks”) for the operation of Office Evolution Businesses. Office Evolution Businesses are operated under our proprietary Office Evolution system (“System”). The System may be changed or modified by us throughout your ownership of the Franchise. You will operate your Office Evolution Business from an approved location (“Business Center”) in a specified geographic area. We currently target geographic areas in the suburbs and secondary markets that are outside of downtown central business districts. You must sign our standard franchise agreement

attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”). You may operate one Office Evolution Business for each Franchise Agreement you sign.

We also offer to select qualified persons (“Area Developer(s)”) the opportunity to sign our area development agreement (attached to this Franchise Disclosure Document as Exhibit D) (“Area Development Agreement”) and acquire the right to develop multiple Office Evolution Businesses in multiple protected search areas. When you sign a Franchise Agreement, we will grant you a temporary protected geographic search area to locate your Office Evolution Business (“Protected Search Area”). When you sign an Area Development Agreement, you will receive multiple Protected Search Areas, one for each Office Evolution Business to be developed.

If you enter into an Area Development Agreement, you must sign a Franchise Agreement for your first Office Evolution Business (“Initial Franchise Agreement”) at the same time that you sign the Area Development Agreement. You will be required to sign our then-current form of Office Evolution Franchise Agreement for each Office Evolution Business that you develop under the Area Development Agreement when you sign a letter of intent to enter into a lease or purchase or otherwise secure a commercial office space for the location of your Office Evolution Business. For each future Office Evolution Business that you develop you may be required to sign a form of the Franchise Agreement that is different from the form of Franchise Agreement included in this Franchise Disclosure Document. Unless otherwise stated, any reference in this Franchise Disclosure Document to “you” or “franchisee” includes an Area Developer under an Area Development Agreement, and as a franchisee under a Franchise Agreement.

Office Evolution Businesses are required to be developed in accordance with a specified schedule which is determined when you sign an Area Development Agreement or Franchise Agreement (“Development Schedule”). The duration of the Development Schedule will depend upon the number of Office Evolution Businesses to be opened, the demographics of the Protected Search Area, the market for and availability of commercial office space in the Protected Search Area and other factors. The Protected Search Area will be established based on the consumer demographics of the Protected Search Area, geographical area, city, county, and other boundaries. The Protected Search Areas for an Area Developer will generally be a larger area than a Protected Search Area for a single Franchise. Protected Search Areas under a Franchise Agreement or Area Development Agreement will terminate when you have secured a location for the Office Evolution Business or the Development Schedule date, whichever occurs first. The only territorial protections that you will receive upon termination of the Protected Search Area will be those under each individual Franchise Agreement.

Market and Competition

Office Evolution Businesses service the needs of business customers. Office Evolution Business services are not seasonal in nature. The market for the goods and services offered by Office Evolution Businesses is well developed and highly competitive. Office Evolution Businesses compete with other businesses including franchised operations, online services, national chains, and independently owned companies offering office services. Your competition will include both traditional competitors in our industry and other technologies and industries which offer similar services. Traditional competitors include other executive suite, virtual office and co-working operators. These traditional competitors range from single-unit owner-operators to very large multi-national operators. They also range in appearance and amenities from co-working spaces with few private offices to very large executive suites. Other technologies and industries which may compete with Office Evolution Businesses include call centers; international, regional, and local operators of office buildings; landlords; any workspace with Internet service; VOIP telephone services; conference centers; and automated telephone attendants and routing services. You will also face normal business risks that could have an adverse effect on your Office

Evolution Business. These include industry developments, such as pricing policies of competitors, and supply and demand.

Industry-Specific Laws

You must comply with all local, state, and federal laws, regulations and tax codes that apply to any business. Many states and local jurisdictions have enacted laws, rules, regulations, and ordinances, which may apply to the operation of your Office Evolution Business. You must also obtain all necessary permits, licenses, and approvals to operate your Office Evolution Business. Some states may require you to keep customer security deposits in a separate account.

You alone are responsible for investigating, understanding, and complying with all applicable laws, regulations, tax codes and other requirements applicable to you and your Office Evolution Franchise, despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your Office Evolution Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2 BUSINESS EXPERIENCE

CEO and Founder: Mark Hemmeter

Mr. Hemmeter is our Founder and has served as our CEO in Louisville, Colorado since our inception in May 2012. Mr. Hemmeter has also been the CEO of our affiliate, OE Colorado, in Louisville, Colorado since its inception in May 2012. In addition, Mr. Hemmeter has been the CEO of OE Ultimate Parent, in Boulder, Colorado since April 2003.

Chief Operating Officer: William Edmundson

Mr. Edmundson joined Office Evolution as Chief Operating Officer in Louisville, Colorado in January 2018. Prior to joining Office Evolution, Mr. Edmundson served in senior roles in the shared office space and the hospitality industries including President of Edmundson Hospitality Consulting from July 2009 to May 2010 and October 2015 to January 2018 in Houston, Texas; President of Hotel SystemsPro from May 2015 to September 2015 in Atlanta, Georgia.

Chief Marketing and Development Officer: Andrea Pirrotti

Ms. Pirrotti has been the Chief Marketing and Development Officer at Office Evolution since April 2020. Prior to joining Office Evolution Ms. Pirrotti founded Pirrotti Marketing Group LLC in June 2006 where she served as the Founder and CEO.

Senior Vice President of Finance and Controller: Mike Brower

Mr. Brower is our Senior Vice President of Finance and Controller in Louisville, Colorado since April 2017. Prior to joining Office Evolution, Mr. Brower was the Controller for First National Holdings, LLC from June 2016 to April 2017 in Denver, Colorado. From November 2008 to May 2016, Mr. Brower served as the Director of Finance and IT at All Vision, LLC in Highlands Ranch, Colorado.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Franchise Agreement

Initial Franchise Fee

The “Initial Franchise Fee” for a single Office Evolution Business is \$45,000. The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your Office Evolution Business and also offsets some of our franchisee recruitment expenses. Each Franchise Agreement will grant you the right to operate one Office Evolution Business. If you are an existing full-time employee of ours, our parents or our affiliates for at least three continuous years, and an approved candidate for an Office Evolution Franchise, your Initial Franchise Fee for a Franchise will be \$10,000 for your first Franchise and \$5,000 for each additional Franchise. During our last fiscal year, ended December 31, 2019, we collected Initial Franchise Fees ranging from \$39,500 to \$45,000.

The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement and is non-refundable.

Area Development Agreement

Franchisees may also purchase the rights to open multiple Office Evolution Businesses by signing our Area Development Agreement and paying a “Multi-Unit Development Fee” instead of the Initial Franchise Fee. The Multi-Unit Development Fee will vary depending on the number of Office Evolution Businesses to be developed under the Area Development Agreement:

Number of Office Evolution Business to be Developed	Multi-Unit Development Fee	Incremental Cost of Additional Location
Up to 1	\$45,000	\$45,000
Up to 2	\$80,000	\$35,000
Up to 3	\$105,000	\$25,000

For each additional Office Evolution Business after the third Business to be opened, the Multi-Unit Development Fee will be \$25,000. The Multi-Unit Development Fee is uniformly calculated, payable when you sign your Area Development Agreement, and is non-refundable under any circumstances, even if you fail to open any Office Evolution Businesses. During our last fiscal year ended December 31, 2019, we collected Multi-Unit Development Fees ranging from \$80,000 to \$105,000.

Site Assistance and Technology Fee

In addition to the Initial Franchise Fee, you must pay us a site assistance and technology fee (“SAT Fee”). The SAT Fee includes real estate site review, letter of intent negotiations and lease review of your Office Evolution Business. The SAT Fee also offsets our costs for project management of the technology procurement and installation, tenant improvement design, bidding and construction, furniture, fixture and equipment selection, procurement and installation and other infrastructure development required to open the Office Evolution Business. We require that you use our preferred national architectural firm to provide the test fit, layout and final design plan, including mechanical, plumbing and engineering drawings and specifications, for your Business Center. The SAT Fee does not include the cost of the preferred national architectural firm’s services. If you request and receive a variance to use a different architectural firm, or if you need assistance or any additional services outside of the specified services, OEF has the right to charge an additional fee (“SAT Hourly Reimbursement”) which is currently \$100 per hour. The SAT Fee for your first Business Center is due in full at the time you sign your first Franchise Agreement and is non-refundable. The SAT Fee for subsequent Business Centers is due in full at the time you commence searching for each additional Business Center. You are not permitted to use the Marks in conjunction with the search and will not receive any site search services from us until the subsequent SAT Fee is paid. The Franchise Operations Manual (defined in Item 8) includes additional detail regarding the services included in the SAT Fee and the SAT Hourly Reimbursement.

Office Evolution Business Being Developed	SAT Fee	When Due
1 st	\$17,500	Upon Execution of 1 st Franchise Agreement
2 nd	\$15,000	Commencement of Search for 2 nd location
3 rd or more (“ <u>Multi-SAT Fee</u> ”)	\$12,500	Commencement of Search for each additional location

Technology Licenses

We have made arrangements with multiple vendors for centralized services or preferred pricing which are paid for by us. We combine monthly fees and pro-rated annual fees and currently charge you one fee of \$650 per month for technology licenses for each of your Office Evolution Business locations (“Technology Licenses”). This covers licenses for the following: 1) CRM including accounting, client billing, and client management; 2) network and digital security management; 3) telephone system; 4) local and toll free phone numbers; 5) domestic long distance; 6) conference and meeting room scheduling; 7) door access software; 8) help desk; 9) email system; 10) intranet site; 11) pre-opening project management platform; 12) training systems; 13) file sharing and storage site; 14) learning management software; 15) other systems and services; and 16) costs associated with software development, testing, and implementation; 17) software lease financing costs; and 18) reasonable administrative and overhead fees. Because this Technology License is partly determined by the fees charged by vendors, it may be adjusted throughout the year and may fluctuate from year to year.

You will begin paying the Technology Licenses when you sign the lease for your Business Center or otherwise secure your Business Center location. We reserve the right to upgrade, modify, and add new software, hardware or services.

Guaranty Fee

Certain landlords may require an additional guarantor in order to enter into a lease for the Business Center. We may, in our sole discretion sign as a guarantor of the lease for your Business Center (“Corporate Guaranty”). If we choose to provide a Corporate Guaranty, you will be required to pay us a Corporate Guaranty fee (“Corporate Guaranty Fee”) for so long as we remain a guarantor on the lease for your Business Center. The Corporate Guaranty Fee is 1% of the outstanding lease guaranty balance at the end of each calendar quarter (approximately \$500 to \$1,000 per quarter, depending on the outstanding balance). The following are some of the factors that we take into consideration in deciding whether we will offer a Corporate Guaranty: (1) credit worthiness of the franchisee; (2) franchisee’s net worth (3) location and design of the Business Center; and (4) the amount of the Corporate Guaranty. The Corporate Guaranty Fee is due each quarter and is non-refundable. You will be required to sign the Corporate Guaranty amendment, a copy of which is in Exhibit G of this Disclosure Document.

Financial Assurances

Some states have required a financial assurance because of our financial condition. Please refer to the State Addenda and Agreement Riders in Exhibit I to this Franchise Disclosure Document.

ITEM 6 OTHER FEES

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty ⁽²⁾	7.5% of Net Billings	Due on the 15th day of each month; begins upon Franchise Agreement signing	The “ <u>Royalty</u> ” is based on Net Billings (defined in Note 2) during the previous month. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Brand Development Fund Contribution ⁽³⁾	3% of Net Billings and any local advertising expenditure deficits by the Franchisee	Same as Royalty and as incurred; begins upon Franchise Agreement signing	This “ <u>Brand Development Fund Contribution</u> ” will be used for our system-wide “ <u>Brand Development Fund</u> ” for our use in promoting and building the Office Evolution brand. We reserve the right to increase this contribution up to five percent (5%) of Net Billings upon 30 days’ written notice.
Technology Licenses ⁽⁴⁾⁽¹⁰⁾	Currently \$650 per month	Same as Royalty	The “ <u>Technology Licenses</u> ” covers certain technologies that we administer that are used in the operation of your Office Evolution Business. The Technology Licenses is \$650 per month, per location. See Item 5. See Note 10 regarding our ability to increase this amount.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Call Center Allocation	A per-minute cost (currently \$1.00-\$1.40 per operator minute)	Same as Royalty	We collect the “ <u>Call Center Allocation</u> ” from you on behalf of our approved third-party vendor of call center services. It includes transfer and hold time. The amount may increase if our vendor’s rates increase.
Setup Fee ⁽¹⁰⁾	\$50 per new member of your Office Evolution Business	Same as Royalty	The “ <u>Setup Fee</u> ” is for the initial setup of your member’s account with the Office Evolution Business. You will typically charge your customers a Setup Fee of at least \$50 which will cover the Setup Fee that you pay to us. The Setup Fee covers the costs we incur to set up a new member, including all changes during the life of the member’s agreement. See Note 10 regarding our ability to increase this fee.
Convention Fee ⁽⁵⁾⁽¹⁰⁾	Currently \$500 per person	As incurred	The “ <u>Convention Fee</u> ” is payable to us to help defray costs of hosting the annual convention. See Note 10 regarding our ability to increase this fee.
Corporate Guaranty Fee [*]	1% of outstanding lease guaranty balance at the end of each calendar quarter	Quarterly	See Item 5 for more information on the “ <u>Corporate Guaranty Fee</u> ”.
Franchise Agreement Renewal [*]	\$5,000	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Local and Regional Advertising Cooperatives ⁽⁶⁾	Established by cooperative members	Established by cooperative members	We currently do not have a cooperative, but reserve the right to require one to be established in the future. See Item 11.
SAT Hourly Reimbursement	Currently \$100 per hour	As Incurred	If you request and receive a variance to use an architectural firm other than the one we specify, or if you need assistance or any additional services outside of the specified services, OEF has the right to charge an hourly reimbursement which is currently \$100 per hour.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Unauthorized Advertising Fee*	\$500 per occurrence	As incurred	This fee is payable to us or the Brand Development Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Failure to Obtain Insurance*	Reimbursement of our costs, plus a 20% administration charge	As incurred	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium as an administrative cost of obtaining the insurance.
Additional Training or Assistance Fees* ⁽⁷⁾	Then-current fee (currently \$1,000 per attendee per week for additional training) plus expenses	Payable in advance of the training or assistance	We provide a recurring “ <u>Initial Training</u> ” at no charge. We may charge you for “ <u>Additional Training</u> ” outside of Initial Training for newly-hired personnel, or BCMs who fail to meet minimum operational standards. All costs for Additional Training will be the responsibility of the Franchisee.
Customer Issue Resolution*	Reasonable costs we incur for responding to a customer complaint, which varies	As incurred	Payable if a customer of your Office Evolution Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue to protect the Office Evolution brand.
Late Payment or Non-Sufficient Funds Fee*	\$100 per occurrence and \$100 per week	As incurred	Payable if any payment due to us or our affiliates is not made by the due date or if any check or electronic funds payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Comply with Reporting Requirements*	\$100 per occurrence and \$100 per week	As incurred	We may charge this fee if you fail to submit or enter any required report or financial statement when due. Fines collected are paid to the Brand Development Fund. You will continue to incur this fee until you submit the required report.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Audit Expenses*	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses	As incurred	You will be required to pay this if an audit reveals that you understated weekly Net Billings by more than 1.5% percent or you fail to submit required reports. Due if on-site inspection determines you have understated number of clients. Interest due if there is an understatement in the Royalty fee or Brand Development Fund Contributions.
Indemnification*	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related to your Office Evolution Business or Franchise.
Management Fee*	\$500 per day, plus expenses	As incurred	Payable if we manage or our affiliate manages the Office Evolution Business because you are in breach of the Franchise Agreement or upon death or disability.
Professional Fees and Expenses*	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Business Center Relocation*	Greater of \$10,000 or then-current Multi-SAT Fee	Upon our approval of the requested relocation	Payable in the event we approve the relocation of your Business Center.
Franchise Resale Broker Fee* ⁽⁸⁾	Then-current franchise or business broker fees	As incurred	See Note 8.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee*	25% of the then-current Initial Franchise Fee for transfers to third parties, not to exceed \$15,000 15% of the then-current Initial Franchise Fee for transfers to existing franchisees, not to exceed \$15,000 If more than one franchise is being transferred to the same transferee, the “Transfer Fee” shall be capped at twice the corresponding Transfer Fee for a single location.	Due upon transfer.	Payable by you in connection with the transfer of your Office Evolution Business, a transfer of ownership of your legal entity to an unrelated party, or a transfer of the Franchise Agreement. If you transfer your Franchise Agreement to an entity with a similar ownership structure for business or estate planning purposes, you will only be required to reimburse us for any legal fees that we incur. Transfer fee does not cover seller’s or buyer’s broker’s costs or commissions. Transfer fee may be passed through to buyer.
Liquidated Damages ^{*(9)}	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Protected Search Area Change Fee*	Up to \$10,000	Upon approval of Protected Search Area change	You will be required to pay this fee in the event we approve a change or relocation of your Protected Search Area. The fee will be based on the time and resources that were expended on establishing and pursuing development in your first Protected Search Area.
Supplier and Product/Service Evaluation Fee	Costs of inspection (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect a new product, service, or proposed supplier nominated by you.

Notes:

1. Fees. The fees listed above are recurring fees for the Office Evolution Business, unless the fee is marked with an asterisk. Any fee marked with an asterisk (*) is a potential non-recurring fee. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit G). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you enter into an Area Development Agreement to operate multiple Office Evolution Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each Office Evolution Business (which may change depending on when

you sign the Franchise Agreement). All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

OEF will bill your clients on your behalf and client payments will be deposited directly into your bank account. OEF will attempt to collect the invoiced amount for the first 30 days after the original invoice date. If OEF cannot collect the invoiced amounts within 30 days of the invoice date, you will be responsible for collection of such invoice. In that event, you must direct all of your clients to make payments directly to you. The Franchise Operations Manual (defined in Item 8) includes additional detail regarding the process for handling delinquent client accounts.

2. Royalties. The term “Net Billings” means the aggregate amount of all invoices and sales orders of any kind from the sale of products or the performance of services in connection with your Office Evolution Business, including pass-through costs to your clients and the full value of any products or services provided by you in exchange for non-monetary consideration such as services provided in trades or barter transactions, and including the proceeds of any business interruption insurance, less any authorized discounts, promotions, and rebates afforded to your clients, but specifically excluding all of the following (a) security deposits paid by your clients; and (b) all sales, use or similar taxes collected from your clients. You will not be required to pay Royalties on authorized discounts or authorized promotions provided you follow the reporting policies and procedures in our Franchise Operations Manual (defined in Item 8).
3. Brand Development Fund Contribution. If you fail to meet your required local advertising expenditure, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Development Fund. Item 11 has more details regarding your local advertising expenditure requirements. If the Brand Development Fund is increased above 3%, any increase is required to be utilized to offset your local advertising requirements. The Brand Development Fund Contribution shall not exceed 5%.
4. Technology Licenses. We have made arrangements with multiple vendors for centralized services or preferred pricing which are paid for by us. We combine monthly fees and pro-rated annual fees and currently charge you one fee of \$650 per month for technology licenses for each of your Office Evolution Business locations (“Technology Licenses”). This amount covers licenses for the following: 1) CRM including accounting, client billing, and client management; 2) network and digital security management; 3) telephone system; 4) local and toll free phone numbers; 5) domestic long distance; 6) conference and meeting room scheduling; 7) door access software; 8) help desk; 9) email system; 10) intranet site; 11) pre-opening project management platform; 12) training systems; 13) file sharing and storage site; 14) learning management software; 15) other systems and services; and 16) costs associated with software development, testing, and implementation; 17) software lease financing costs; and 18) reasonable administrative and overhead fees. Because this amount is partly determined by the fees charged by vendors, it may be adjusted throughout the year and may fluctuate from year to year.
5. Convention Fee. This fee will be assessed and is non-refundable even if you do not attend the annual convention. If you do not attend, you will be charged the price of one attendee.
6. Local and Regional Advertising Cooperatives. We reserve the right to establish a local or regional advertising cooperative if two or more Office Evolution Businesses are operating in a market designated by us. If a local or regional advertising cooperative is established, contribution amounts, as well as caps on such amounts, to the local or regional advertising cooperative will be established by the cooperative members. You will not be required to contribute more than your local

advertising requirement amount. We anticipate that each Office Evolution franchisee will have one vote for each Office Evolution Business operated by the member in the designated market. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.

7. **Additional Training.** All franchisees and Business Center Managers (defined in Item 15) must attend and complete the Initial Training (defined in Item 11) held at our corporate headquarters in Louisville, Colorado. Initial Training is typically held once a month for five days. There is no fee for Initial Training sessions. If Additional Training is required, you must pay the Additional Training Fee. Whether you attend Initial Training or Additional Training, you must pay for your own expenses for airfare, meals, transportation costs, lodging, and incidental expenses, or our expenses if we travel to your Business Center.
8. **Franchise Resale Broker Fee.** You will be required to pay the then-current third party franchise or business broker fee if your Office Evolution Business is transferred to a transferee (or any individual associated with any transferee entity) that was introduced to the Office Evolution franchise system as a result of a third party franchise or business broker with whom we have a referral fee arrangement.
9. **Liquidated Damages.** Liquidated damages are determined by multiplying the combined monthly average of Royalty fees and Brand Development Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your Office Evolution Business through the date of early termination, multiplied by the lesser of: (i) 36, or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$30,000 or more than \$100,000.
10. **Fee Increases.** As long as we are the provider of these services, we reserve the right to increase the Technology Licenses, Setup Fee and Convention Fee up to 10% each calendar year upon 30 days' written notice. This cap does not apply to any increases that result from the addition of new technology, upgrades, modifications, or additional products or services. The Technology Licenses may be adjusted bi-annually upon 30 days' written notice.

ITEM 7 ESTIMATED INITIAL INVESTMENT YOUR ESTIMATED INITIAL INVESTMENT

START-UP OFFICE EVOLUTION BUSINESS

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$45,000	\$45,000	Lump Sum	When you sign the Franchise Agreement	Us
SAT Fee ⁽²⁾	\$17,500	\$17,500	Lump Sum	When you sign the Franchise Agreement	Us
Technology Licenses ⁽⁸⁾	\$650	\$1,300	As Incurred	When you sign your lease or otherwise secure your location	Us

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Furniture ^{(3)*}	\$144,000	\$216,000	As Arranged	As Arranged	Third Parties
Art ^{(4)*}	\$8,000	\$12,000	As Arranged	As Arranged	Third Parties
Infrastructure Technology Equipment and Installation ⁽⁵⁾	\$46,800	\$70,200	As Agreed	Before Opening	Third Parties
Operating Technology Equipment ⁽⁶⁾	\$5,000	\$7,000	As Incurred	As Incurred	Third Parties
Appliances ⁽⁷⁾	\$0	\$8,000	As Incurred	As Incurred	Third Parties
Signage ⁽⁹⁾	\$500	\$15,000	As Required	Before Opening	Third Parties
Pre-Opening Staff and Recruiting ⁽¹⁰⁾	\$8,000	\$14,000	As Required	Before Opening	Third Parties
Opening Marketing Campaign ⁽¹¹⁾	\$25,000	\$25,000	As Agreed	Before Opening	Third Parties
Opening Supplies ⁽¹²⁾	\$1,500	\$2,000	As Incurred	As Incurred	Third Parties
Corporate Guaranty Fee ⁽¹³⁾	\$0	\$36,000	As Incurred	As Incurred	Us
Legal and Professional Fees ⁽¹⁴⁾	\$3,500	\$10,000	As Agreed	Before Opening	Your Attorneys, CPAs, and Other Professionals
Business Licenses and Permits ⁽¹⁵⁾	\$0	\$5,000	As Arranged	As Incurred	Government Agencies
Initial Training Travel Expenses ⁽¹⁶⁾	\$1,500	\$8,000	As Incurred	As Incurred	Providers of Travel, Lodging, and Food Services
Insurance ⁽¹⁷⁾	\$2,000	\$5,000	As Arranged	As Arranged	Insurance Company
Additional Funds (12-months) ⁽¹⁸⁾	\$30,000	\$100,000	As Agreed	As Incurred	Third Parties
SUBTOTAL (does not include Landlord Driven Expenses)	\$338,950	\$597,000			
Non-Refundable Landlord Driven Expenses ⁽¹⁹⁾	\$10,000	\$360,000	As Agreed	Before Opening	Landlord, Third Parties
Refundable Landlord Driven Expenses ⁽¹⁹⁾	\$25,000	\$600,000	As Agreed	Before Opening	Landlord, Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT⁽²⁰⁾	\$373,950	\$1,557,000			

*If your Business Center is larger than 12,000 square feet, these costs may be higher.

Notes:

We have rounded up the subtotal and total to the nearest \$1,000. These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating a new Office Evolution Franchise with a Business Center ranging from 8,000 to 12,000 square feet. Some costs, such as furniture, vary based on the size of the location. Other costs, such as legal fees, do not tend to be related to the size of your Business Center.

We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Office Evolution Franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Office Evolution Franchise may be greater or less than the estimates given, depending upon the location of your Office Evolution Business, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. See Item 5 for additional information about your Initial Franchise Fee.
2. Site Assistance and Technology Fee. In addition to the Initial Franchise Fee, you must pay us a site assistance and technology fee (“SAT Fee”). The SAT Fee includes real estate site review, letter of intent negotiations and lease review of your Office Evolution Business. The SAT Fee also offsets our costs for project management of the technology procurement and installation, tenant improvement design, bidding and construction, furniture, fixture and equipment selection, procurement and installation and other infrastructure development required to open the Office Evolution Business. We require that you use our preferred national architectural firm to provide the test fit, layout and final design plan, including mechanical, plumbing and engineering drawings and specifications, for your Business Center. The SAT Fee does not include the cost of the preferred national architectural firm’s services. If you request and receive a variance to use a different architectural firm, or if you need assistance or any additional services outside of the specified services, OEF has the right to charge an additional fee (“SAT Hourly Reimbursement”) which is currently \$100 per hour. The SAT Fee for your first Business Center is due in full at the time you sign your first Franchise Agreement and is non-refundable. The SAT Fee for subsequent Business Centers is due in full at the time you commence searching for each additional Business Center. You are not permitted to use the Marks in conjunction with the search and will not receive any site search services from us until the subsequent SAT Fee is paid. The Franchise Operations Manual (defined in Item 8) includes additional detail regarding the services included in the SAT Fee and the SAT Hourly Reimbursement.
3. Furniture. This estimate involves the purchase and installation of furniture and fixtures you will need to open an Office Evolution Business, such as chairs, desks, tables, dedicated office and conference room signs, whiteboards, and other items. Some of these expenses will depend on Office Evolution Business size, shipping distances, supplier chosen, and your credit history. These numbers are based on historical figures averaging \$18.00 per Rentable Square Foot. We may require you to contract with approved vendors for the procurement and installation of the required furniture.

4. Art. This estimate involves the purchase and installation of the decorative art you will need to open an Office Evolution Business, such as our branding wall piece and other required selections. Some of these expenses will depend on Office Evolution Business size, shipping distances, supplier chosen, and your credit history. These numbers are based on historical figures averaging \$1.00 per Rentable Square Foot. We may require you to contract with approved vendors for the procurement and installation of the required artwork.
5. Infrastructure Technology Equipment and Installation. This includes networking and internet equipment, telephone handsets, card access security system and cabling installation. These numbers are based on historical figures averaging \$5.85 per Rentable Square Foot and may increase if there are difficult access control installations involving elevators or numerous doors. We may require you to contract with approved vendors for the procurement and installation of the required technology.
6. Operating Technology Equipment. This includes items like Business Center Manager (defined in Note 8) computer, multifunction printer, shredder, projectors and televisions.
7. Appliances. This includes items like refrigerators, microwaves and dishwashers, and will only apply if they are not included in Non-Refundable Landlord Driven Expenses (Note 17).
8. Technology Licenses. We have made arrangements with multiple vendors for centralized services or preferred pricing which are paid for by us. We combine monthly fees and pro-rated annual fees and currently charge you one fee of \$650 per month for technology licenses for each of your Office Evolution Business locations (“Technology Licenses”). This amount covers licenses for the following: 1) CRM including accounting, client billing, and client management; 2) network and digital security management; 3) telephone system; 4) local and toll free phone numbers; 5) domestic long distance; 6) conference and meeting room scheduling; 7) door access software; 8) help desk; 9) email system; 10) intranet site; 11) pre-opening project management platform; 12) training systems; 13) file sharing and storage site; 14) learning management software; 15) other systems and services; and 16) costs associated with software development, testing, and implementation; 17) software lease financing costs; and 18) reasonable administrative and overhead fees. Because this amount is partly determined by the fees charged by vendors, it may be adjusted throughout the year and may fluctuate from year to year. The high figure includes fees for two months.
9. Signage. This is an estimate of your costs for signage, which will include some or all of: building signage, monument signage, suite/door entry signage and interior building lobby directional signage. The low end assumes you choose not to procure any exterior signage for your Office Evolution Business or that your lease terms include exterior signage at landlord expense.
10. Pre-Opening Staff and Recruiting. We assume that you will hire your initial “Business Center Manager” two months prior to opening. In addition to wages, you will incur recruiting costs, including hiring platform(s) and job posting/advertising fees. We may require that you use the recruitment services of an industry expert for the hiring of the Business Center Manager.
11. Opening Marketing Campaign. For a standard size Business Center (8,000 to 12,000 square feet), you must spend at least \$25,000 on grand opening marketing and advertising (“Opening Marketing Campaign”) during the period beginning when you sign your Franchise Agreement and ending two months after opening your Office Evolution Business. This amount may include digital marketing (“SEO” and “PPC”), partnership with a local marketing/PR firm, pre-opening networking, hosting a grand opening event or other expenditures as outlined in the Franchise Operations Manual

(defined in Item 8). For Business Centers that exceed 12,000 square feet, you must spend at least \$35,000 on the Opening Marketing Campaign.

12. Opening Supplies. This includes opening office supplies such as paper, vacuums, trash cans, and kitchen, and coffee items.
13. Corporate Guaranty Fee. If we are a guarantor on the lease for your Business Center, you will be required to pay us a quarterly Corporate Guaranty Fee.
14. Legal and Professional Fees. We strongly recommend that you hire a franchise attorney, accountant, or other professional to advise you on this Franchise offering. Rates for professionals can vary significantly based on area and experience.
15. Business License and Permits. You may be required to obtain business licenses from local government agencies to operate your Office Evolution Business.
16. Initial Training Travel Expenses. You must pay for airfare, meals, transportation costs, lodging, and incidental expenses for all Initial Training attendees.
17. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, insurance required in your lease, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of an Office Evolution Business, your rates may be significantly higher than those estimated above. This estimate is for one year of insurance premiums.
18. Additional Funds. In formulating the amount of additional funds, we relied on our experience, our affiliates experience, and our OE Ultimate Parent's experience operating Office Evolution Businesses over the last 17 years. These amounts represent our estimate of the amount needed to cover your expenses for the initial 12-month period of your Office Evolution Business. This is for budgeting purposes only and does not account for unanticipated expenses. They include estimating normal operating costs such as Royalties, Brand Development Fund Contributions, Technology Licenses, Set Up Fees, Call Center Allocation, Convention Fee, payroll, rent, utilities, insurance, copier rental, Internet service, office supplies, equipment leases, and any debt service if you have a loan. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Office Evolution Business. You must bear any deviation or escalation in costs from the estimates that we have given.

Your costs depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your Office Evolution Business. Office Evolution franchisees oftentimes negotiate between three to six months of free rent. These estimates assume that you will be able to do the same. If you are unable to do so, you may require additional funds. Some states prohibit you from using customer deposits as working capital. If your Office Evolution Business is located in one of these states, you may require additional funds.

19. Landlord Driven Expenses. Because Office Evolution Businesses are located in commercial office and commercial mixed-use space, some landlords may choose to build out your space for you and require additional collateral or securitization of the lease. These amounts will vary depending on your credit history, the extent of the out-of-pocket costs of the landlord, including tenant improvements and commissions, and local market conditions.

Examples of non-refundable expenses include tenant improvement expenses over and above the allowance provided by the Landlord. Tenant improvement expenses may include architectural and engineering plans and specifications, building permits, project management, and construction. An alternative option may be for you to fund the tenant improvements yourself which may eliminate the additional collateral or securitization requirement of the lease to the landlord.

Examples of refundable expenses include security deposits, prepaid rent or letters of credit. These payments may be subject to a burn down schedule and refunded back to you under the terms you negotiate in your lease.

The low end assumes that minimal build out is required for your Office Evolution Business and minimal securitization is required. The high end assumes that significant build out is required, and that you will bear the burden of it either by paying for the Tenant Improvements yourself, or reimbursing the landlord for doing so on your behalf by securing the amount spent.

20. Figures May Vary. This is an estimate of your initial start-up expenses for one Office Evolution Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

AREA DEVELOPER BUSINESS

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Multi-Unit Development Fee ⁽¹⁾	2 Units - \$80,000 3 Units - \$105,000	2 Units - \$80,000 3 Units - \$105,000	Lump Sum	When Area Development Agreement is Signed	Us
Initial Investment for the First Office Evolution Business ⁽²⁾	\$328,950	\$1,512,000	Per Table Above	Per Table Above	Per Table Above
Initial Investment for the Second Office Evolution Business ⁽²⁾	\$326,450	\$1,509,500	Per Table Above	Per Table Above	Per Table Above
Initial Investment for the Third Office Evolution Business ⁽²⁾	\$323,950	\$1,507,000	Per Table Above	Per Table Above	Per Table Above
TOTAL ESTIMATED INITIAL INVESTMENT FOR TWO OFFICE EVOLUTION BUSINESSES ⁽³⁾	\$735,400	\$3,101,500			

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
TOTAL ESTIMATED INITIAL INVESTMENT FOR THREE OFFICE EVOLUTION BUSINESSES ⁽³⁾	\$1,084,350	\$4,633,500			

Notes:

All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments. We do not finance any portion of your initial investment.

1. Multi-Unit Development Fee. You must pay us a Multi-Unit Development Fee upon signing the Area Development Agreement instead of the Initial Franchise Fee. The Multi-Unit Development Fee varies depending on the number of Office Evolution Businesses to be developed. The Multi-Unit Development Fee is \$45,000 for one Office Evolution Business, \$80,000 for up to two Office Evolution Businesses, and \$105,000 for up to three Office Evolution Businesses. For each additional Office Evolution Business after the third Business to be opened, the Multi-Unit Development Fee will be \$25,000. This fee is discussed in Item 5. These numbers are based on opening Start-Up Office Evolution Businesses. Your initial investment under an Area Development Agreement will likely be less if you purchase a Conversion Franchise or an Acquisition Franchise.
2. Initial Investment for First Office Evolution Business. These are the estimates to build out your first Office Evolution Business as described in the Start-Up Office Evolution Business chart above (except for the Initial Franchise Fee which is replaced by the Multi-Unit Development Fee). The SAT Fee also varies depending on the number of Office Evolution Businesses to be developed. The SAT Fee is \$17,500 for the first Office Evolution Business, \$15,000 for the second Office Evolution Business, and \$12,500 for the third or more Office Evolution Businesses. The monthly Technology Licenses is \$650 per month. Costs associated with building out additional Office Evolution Businesses are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs and will depend on when the additional Office Evolution Businesses are opened.
3. Figures May Vary. This is an estimate of your initial start-up expenses for an Area Developer franchise opening either two or three Start-Up Office Evolution Businesses. 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

Standards and Specifications

You must operate your Office Evolution Franchise in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential operating manual (“Franchise Operations Manual”), which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent; or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Our Franchise Operations Manual states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Office Evolution Franchise.

We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Franchise Operations Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must purchase, install, upgrade, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Franchise Operations Manual or otherwise in writing. The Franchise Agreement provides certain caps on the amount of money that you are required to spend for updating your Office Evolution Business over the term of the Franchise Agreement.

You must use in the construction and operation of your Office Evolution Franchise only those types of construction and decorative materials, fixtures, equipment, furniture, and signs that we have approved as meeting our specifications and standards for appearance, function, and performance. We develop these specifications and standards for approved types of materials, fixtures, equipment, furniture, supplies, and signage and communicate them to you in our prototype specifications in the Franchise Operations Manual or otherwise in writing.

You must use the computer hardware and software system that we periodically designate to operate your Office Evolution Franchise. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify (which may be limited to us and/or our affiliates).

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your Office Evolution Business is located and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. You must purchase and maintain the following insurance, at your sole expense: (1) comprehensive general liability insurance, including contractual liability, property damage, personal injury, and products liability coverage in the amount of \$1,000,000 each occurrence and \$2,000,000 annual aggregate; (2) automobile liability coverage, including coverage of owned, non-owned and leased vehicles, with single limit coverage in the amount of \$1,000,000 if you use a vehicle in your Office Evolution Business; (3) employer’s liability in the amount of \$500,000 for bodily injury by accident and \$500,000 for bodily injury by disease; (4) an umbrella policy covering all Office Evolution Franchises you operate which would cover any excess claims from the operation of those Franchises in the amount of \$2,000,000 in the aggregate; (5) All Risks coverage for the full cost of replacement of your Franchise Business Center and all other property we may have an interest in; (6) worker’s compensation coverage in amounts required by applicable law or rule of the state

and locality where the your Office Evolution Business is located, or, if permissible under applicable law, employers liability insurance with similar compensation for injured workers satisfactory to us; and (7) business interruption insurance to cover actual loss sustained for up to 12 months based on net income earned from the operation of your Office Evolution Business during that time period. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us, OE Franchise LLC, and any affiliates we designate as additional named insured parties. The cost of insurance may be significantly higher than the estimate listed in Item 7 depending on such factors as particular state coverage requirements, business location, and your loss history.

Purchases from Approved Suppliers

You must purchase certain equipment, initial inventory, materials, supplies, and services from approved suppliers, approved providers, us, or our affiliates in establishing and operating your Office Evolution Franchise, and the approved suppliers or we are the only approved supplier of these certain items. We are the only supplier of the site assistance service and Technology Licenses. None of our officers own a direct interest in any approved supplier or approved provider. The Franchise Operations Manual will contain a list of other approved suppliers and approved providers. We and our affiliates may derive revenue from these sales and may sell these items at prices exceeding our or their costs. You may be required to use our designated commercial broker or broker network to locate the site for your Office Evolution Business, use our approved vendors for the procurement and installation of the required technology, use our approved vendors for the required conversion marketing campaign expenditures, and use our designated designer to provide the layout and design for your Business Center. We reserve the right to substitute or eliminate any of the approved suppliers or approved providers in the Franchise Operations Manual.

During our last fiscal year, ended December 31, 2019, we derived \$528,642 in revenue from the sale or lease of products or services to franchisees. This revenue represents approximately 13.1% of our total revenue of \$4,034,139.

We and our affiliates may receive rebates or other consideration from suppliers in consideration for goods or services that we require or advise you to obtain from approved suppliers, and we reserve the right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments.

You must purchase all products, equipment, supplies, and materials only from approved suppliers (including manufacturers, wholesalers, and distributors). We estimate that approximately seventy percent (70%) to seventy-three percent (73%) of purchases required to open your Office Evolution Business and seventy-three percent (73%) to eighty percent (81%) of purchases required to operate your Office Evolution Business will be from us or from other approved suppliers, or under our specifications. This estimate includes your lease payments for the Office Evolution Business.

We do not have purchasing and distribution cooperatives as of the Issuance Date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees, and we reserve the right to receive rebates or volume discounts from our purchase of products we may direct to you. We do not provide material benefits, such as renewing or granting additional Franchises to franchisees based on their use of designated or approved suppliers.

Approval of New Suppliers

We may update the list of approved suppliers in the Franchise Operations Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must inquire whether or not a variance for the product, service or vendor is an option. If it is, you must submit samples of the supplier's products or services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the System. We reserve the right to charge a non-refundable fee to evaluate the proposed product, service or supplier. We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 60 days, we generally respond to a request for an additional approved supplier within seven days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

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	Item in Disclosure Document
a. Site selection and acquisition/lease	Section 4 in Franchise Agreement Section 5 in Area Development Agreement	Item 11
b. Pre-opening purchases/leases	Sections 5 and 13 in Franchise Agreement Not Applicable in Area Development Agreement	Items 8 and 11
c. Site development and other pre-opening requirements	Sections 4 and 5 in Franchise Agreement Section 4 in Area Development Agreement	Items 6, 7, and 11
d. Initial and ongoing training	Section 6 in Franchise Agreement Not Applicable in Area Development Agreement	Item 11
e. Opening	Sections 4, 5 and 6 in Franchise Agreement Section 4 in Area Development Agreement	Item 11

Obligation	Section in Agreement	Item in Disclosure Document
f. Fees	Sections 11, 12, 13, and 15 in Franchise Agreement Section 3 in Area Development Agreement	Items 5 and 6
g. Compliance with standards and policies/operating manual	Sections 5, 6, and 13 in Franchise Agreement Not Applicable in Area Development Agreement	Item 11
h. Trademarks and proprietary information	Sections 7 and 8 in Franchise Agreement Section 1 in Area Development Agreement	Items 13 and 14
i. Restriction on products/services offered	Section 13 in Franchise Agreement Not Applicable in Area Development Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 13 in Franchise Agreement Not Applicable in Area Development Agreement	Item 11
k. Territorial development	Sections 2 and 4 in Franchise Agreement Not Applicable in Area Development Agreement	Items 11 and 12
l. Ongoing product/service purchases	Section 13 in Franchise Agreement Not Applicable in Area Development Agreement	Item 16
m. Maintenance, appearance and remodeling requirements	Sections 6 and 13 in Franchise Agreement Not Applicable in Area Development Agreement	Item 8
n. Insurance	Section 14 in Franchise Agreement Not Applicable in Area Development Agreement	Item 8
o. Advertising	Section 15 in Franchise Agreement. Not Applicable in Area Development Agreement	Item 11
p. Indemnification	Section 10 in Franchise Agreement Section 11 in Area Development Agreement	Not Applicable

Obligation	Section in Agreement	Item in Disclosure Document
q. Owner's participation/management/staffing	Section 13 in Franchise Agreement Not Applicable in Area Development Agreement	Item 15
r. Records/reports	Sections 12 and 16 in Franchise Agreement Not Applicable in Area Development Agreement	Items 6 and 17
s. Inspections/audits	Sections 16 and 17 in Franchise Agreement Not Applicable in Area Development Agreement	Item 6
t. Transfer	Section 18 in Franchise Agreement Section 8 in Area Development Agreement	Item 17
u. Renewal	Section 19 in Franchise Agreement Not Applicable in Area Development Agreement	Item 17
v. Post-termination obligations	Section 21 in Franchise Agreement Not Applicable in Area Development Agreement	Item 17
w. Non-competition covenants	Section 22 in Franchise Agreement Not Applicable in Area Development Agreement	Item 17
x. Dispute resolution	Sections 23 and 24 in Franchise Agreement Section 15 in Area Development Agreement	Item 17
y. Other: Guaranty and Assumption of Obligations	Sections 1 and 18 in Franchise Agreement Not Applicable in Area Development Agreement	Not Applicable

ITEM 10 FINANCING

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

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

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

Pre-opening Obligations

Before you open your Office Evolution Business, we (or our designee(s)) will provide the following assistance and services to you:

Site Selection, Approval and Development Obligations

1. Provide you with our current written site selection guidelines and any other site selection counseling and assistance we deem advisable. We may require that you use our designated real estate brokerage partner to provide the brokerage services for your Business Center. (Franchise Agreement – Section 8).

2. Provide real estate site review, test-fit consulting, letter of intent negotiations and lease review of your Office Evolution Business. We require that you use our designated designer to provide the layout and design for your Business Center.

3. Provide project management of the technology procurement and installation, tenant improvement design, bidding and construction, furniture, fixture and equipment selection, procurement and installation and other infrastructure development required to open the Office Evolution Business.

4. Designate a Protected Search Area for the Business Center in the Franchise Agreement. Once you have secured a location for your Office Evolution Business, your Protected Search Area will terminate, and we will designate a Protected Territory (as defined in Item 12) for your Office Evolution Business (Franchise Agreement – Sections 2 and 8).

5. Approve or Dissapprove your site, design, and lease or purchase contract. Before leasing or purchasing the site for your Office Evolution Business, you must submit to us, in the form we specify;

- a) a description of the site, with other information and materials we may reasonably require;
- b) final test-fit plans for the Business Center including all required construction notes;
- c) a copy of the proposed letter of intent, lease or purchase contract;
- d) other requirements included in the Franchise Operations Manual (defined in Item 8).

We will have 15 days after receipt of all requested information to approve or disapprove, in our sole discretion, the proposed site as a location for your Office Evolution Franchise. If we reject the site, we will include a written explanation of the basis for that rejection to you. If you and we are unable to reach an agreement on an acceptable site, we may terminate the Franchise Agreement.

Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the site for your Office Evolution Business. We do not guaranty the suitability or success of the accepted site. We must approve the site before you sign the lease or purchase agreement.

You will provide us a copy of the executed purchase contract or lease.

The required time to open your Office Evolution will vary depending on the desired location. We will designate your required Development Schedule prior to signing the Franchise Agreement. We generally do not own the premises for the Office Evolution Business and lease it to you.

Other Pre-Opening Obligations

1. Loan you one copy of the Franchise Operations Manual, which may be in a digital format. The Franchise Operations Manual contains approximately 256 pages. The table of contents for the Franchise Operations Manual is attached to this Franchise Disclosure Document as Exhibit F (Franchise Agreement - Sections 6 and 8).

2. Provide a list of approved suppliers (Franchise Agreement - Section 8).

3. Provide marketing, promotional, and public relations materials for your purchase to use in the pre-opening promotion of your Office Evolution Business. You are responsible for any printing, shipping and handling costs that you incur (Franchise Agreement - Sections 8 and 15).

4. Provide Initial Training in Louisville, Colorado or another location designated by us (Franchise Agreement – Section 6). We will provide training to you and your Business Center Managers on the System, System guidelines, and operational and brand standards. We will not provide general business or operations training to you or your employees or independent contractors.. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the Office Evolution Business. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the Office Evolution Business.

5. The Franchise Operations Manual (defined in Item 8) includes additional detail regarding the services included in the Pre-Opening Obligations

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of the Office Evolution Business can vary from 9 to 18 months. You must purchase or lease, at your expense, the site for your Office Evolution Business under the Development Schedule included in the Franchise Agreement. The duration of the Development Schedule will depend upon the number of Office Evolution Businesses to be opened, the demographics of the Protected Search Area, the market for and availability of commercial office space in the Protected Search Area and other factors. You and we will mutually agree on an opening date that the Business Center must be open for business (“Opening Deadline”) prior to your execution of a lease, purchase agreement or other binding contract for the location for your Business Center. The Opening Deadline will be no more than 1 year from the date you fulfill the Development Schedule and will depend upon the time necessary to obtain financing, to obtain the permits and licenses for constructing and operating your Office Evolution Business and to build out your site to Office Evolution specifications.

Continuing Obligations

During the operation of your Office Evolution Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Inform you of mandatory specifications, standards and procedures for the operation of your Franchise (Franchise Agreement - Section 13).
2. Provide operating assistance and written materials (including updates to the Franchise Operations Manual) about techniques for managing and operating the Office Evolution Business (Franchise Agreement - Sections 5, 6 and 13).
3. Provide you with advice and guidance on advertising and marketing. We have the right to recommend retail prices and prescribe minimum and/or maximum retail prices for the products and/or services offered and sold at your Office Evolution Business. (Franchise Agreement – Section 15).
4. Allow you to continue to use confidential materials, including the Franchise Operations Manual and the Marks (Franchise Agreement - Section 6 and 7).
5. Provide support and maintenance for the technology provided with the Technology Licenses. Depending on the type of “Proprietary Technology,” this support and maintenance may be provided by third party vendors. (Franchise Agreement – Sections 8 and 12).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques.
2. Make periodic visits to the Office Evolution Business for the purpose of assisting in the operation and management of the Office Evolution Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Office Evolution Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.
3. Maintain and administer the Brand Development Fund, which may provide marketing, public relations, and promotional materials or fund the costs and expenses of developing and administering social media. We reserve the right to charge you a reasonable amount for the cost of any print materials. Although we do not intend to do so, we may dissolve the Brand Development Fund upon written notice (Franchise Agreement - Section 15).
4. Provide ongoing training programs at our option (Franchise Agreement - Section 6).
5. Hold periodic national or regional conferences to discuss business and operational issues affecting Office Evolution franchisees.
6. Provide for billing and certain collection services for your Office Evolution Business (Franchise Agreement - Section 12).

Advertising

Brand Development Fund

You must contribute three percent (3%) of your monthly Net Billings as the Brand Development Contribution to the Brand Development Fund. We reserve the right to increase this contribution up to 5% upon 30 days' written notice. In the event of such increase, there will be a corresponding offset to your local advertising requirement. You must pay the Brand Development Fund Contribution at the same time you pay your Royalty, based on the Net Billings you generated in the previous reporting period.

The Brand Development Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use professional advertising agencies or media buyers to assist us. The Brand Development Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Development Fund will be utilized. We may use the Brand Development Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System, BCM Certification and sales training, and any other purpose to promote the Marks. We may use any media for disseminating Brand Development Fund advertisements, including but not limited to direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives or our affiliates from the Brand Development Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, payroll, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Development Fund. We do not guarantee that advertising expenditures from the Brand Development Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Development Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing. If we terminate the Brand Development Fund, we will distribute all unused contributions to contributing franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding year.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Development Fund or to maintain, direct or administer the Brand Development Fund. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Development Fund on any terms we deem reasonable.

The Brand Development Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Brand Development Fund that shows how the Brand Development Fund proceeds have been spent for the previous year.

During our most recent fiscal year ended December 31, 2019, the Brand Development Fund was spent as follows: 70% on web services/digital marketing, 12% on administrative, 2% on creation and production, 15% on public relations, and 1% on the miscellaneous and other expenses. Neither our affiliate(s) nor we receive payments for providing goods or services to the Brand Development Fund, except for reimbursement of expenses as described above.

Local Advertising

In addition to the Brand Development Fund Contributions, you must spend a minimum monthly amount, as shown in the following table, on local marketing and public relations activities designed to build brand awareness and recruit clients within your market area (“Local Advertising Requirement”).

Months Before or After Opening	Required Minimum Marketing Spend (Business Center less than 12,000 sq. ft.)	Required Minimum Marketing Spend (Business Center more than 12,000 sq. ft.)
Prior to opening*	\$12,500 total*	\$17,500 total*
Two (2) months after opening*	\$12,500 total*	\$17,500 total*
Months 3 through 12 after opening	\$3,000 per month averaged over any three consecutive months	\$3,000 per month averaged over any three consecutive months
Month 13 through 24 after opening	\$2,000 per month averaged over any three consecutive months	\$2,000 per month averaged over any three consecutive months
Month 25+ after opening	5% of Net Billings per month less amount paid to Brand Development Fund Contribution	5% of Net Billings per month less amount paid to Brand Development Fund Contribution

*This amount is the Opening Marketing Campaign described in Item 7 above.

If you fail to spend the Local Advertising Requirement (including the Opening Marketing Campaign), you will be required to pay the difference to the Brand Development Fund. The Local Advertising Requirement may be reduced or waived by us for certain established Office Evolution Businesses that have sustainable and reliable profits, as determined by us.

Through the Brand Development Fund, we may provide you with approved local marketing plans and materials.

You may be required to participate in any local or regional advertising cooperative for Office Evolution Franchises that is established. The geographical area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative as determined by the cooperative for each Office Evolution Business that the franchisee owns that exists within the cooperative’s area. You will not be required to contribute more than your Local Advertising Requirement amount described in the table above. Each Office Evolution Business we own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions, as well as any caps on contribution amounts, from each member. We may require that each cooperative that exceeds five franchisee members must operate with governing documents. Each cooperative must prepare annual unaudited financial statements, and such statements will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your protected area, you will be required to participate in compliance with the provisions of the Franchise Operations Manual, which we may periodically modify in our discretion.

Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing

You must order sales and marketing material from us or our designated suppliers, if available. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 15 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Office Evolution Business, those items or services must be in your Net Billings, and will be subject to Royalties, Local Advertising Requirement, and the Brand Development Fund Contributions. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Development Fund.

If you wish to advertise online, you must follow our online policy, which is contained in our Franchise Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

Advisory Council

We currently have an advisory council (“Council”) to advise us on advertising policies and other issues that we may request such as new products or services. Members of the Council consist of both franchisees and corporate representatives. Members of the Council are selected by way of a voting method specified in the Council’s bylaws. The Council is governed by bylaws. Each member will have one vote. The purpose of the Council is to provide input regarding the Brand Development Fund and to promote communications between us and all Franchisees. The Council serves in an advisory capacity only. We have the power to form, change, or dissolve the Council, in our sole discretion.

Software and Computer Equipment

You are required to purchase a computer and technology system that consists of the following hardware and software: (a) Windows or Apple computer (not more than two years old), cabling systems and switches, routers, uninterrupted power supplies, wireless access points, all OEF required equipment, multi-function printer; and (b) Microsoft Office 365 or newer, NetSuite® and any other accounting-related software that we may require, automatic backup and anti-virus software (“Technology System”). We, or the manufacturer, will provide customer support for approved switches, routers, wireless access points, OE required equipment, phone system and NetSuite at no additional charge (these services are covered by the Technology Licenses). We estimate the cost of purchasing the Technology System will be between \$51,800 and \$77,200. This amount is included within the Infrastructure Technology Equipment and Installation and Operating Technology Equipment sections in Item 7. The Technology System will manage the daily workflow of the Office Evolution Business, coordinate the customer scheduling experience, and other information. You must record all Net Billings on the Technology System. You must store all data and information in the Technology System that we designate, and report data and information in the manner we specify. You must use an approved credit card and ACH processor, follow all PCI compliance requirements and credit card processing security requirements. The Technology System will generate reports on the Net Billings of your Office Evolution Franchise. You must also maintain a high-speed Internet connection at the Office Evolution Business. In addition to offering and accepting Office Evolution gift cards and loyalty

cards, you must use any credit card vendors and accept all credit cards and debit cards that we determine. The term “credit card vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”).

We will provide certain maintenance and support for the Proprietary Technology. Except for Proprietary Technology, we are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for your computer or office equipment. You must arrange for installation, maintenance, and support of the Technology System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Technology System. We cannot estimate the cost of maintaining, updating, or upgrading the Technology System or its components because it will depend on your repair history, costs of computer maintenance services in your area, and technological advances, which we cannot predict at this time, but in prior years it has ranged from \$1,000 to \$5,000. We may revise our specifications for the Technology System periodically. You must upgrade or replace your Technology System at such time as specifications are revised.

You must have a functioning email address that you regularly check. After you sign the Franchise Agreement, we will provide an Office Evolution Franchise email address for you and your employees. The Office Evolution Franchise email address is the only email address we will use to communicate with you. You must use only your Office Evolution Franchise email address for all Office Evolution business communications.

We (or our designee(s)) have the right to independently access the electronic information and data relating to your Office Evolution Franchise, and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Office Evolution Franchises. We may also send franchise opportunity advertisements to Office Evolution customers that use your Business Center. This may include posting financial information of each franchisee on an intranet website or for use in our Franchise Disclosure Document. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Technology System remotely, in your Office Evolution Business, or from other locations.

If we or any of our affiliates develop or maintain software or other technology that we decide to license to you, we may condition your use of that software or other technology upon: (1) your execution of a license agreement or similar document; and (2) the payment of separate fees for the use of the software or technology and for maintenance and support services provided during the Office Evolution Franchise term.

Training

Initial Training

You and your Business Center Managers (“BCM”) must complete the Initial Training to our satisfaction before you open your Office Evolution Business. In addition, any subsequent Business Center Managers and Representatives (as defined in Item 15) must also attend Initial Training within 90 days of their hiring or appointment. We provide recurring Initial Training at our Louisville, Colorado location at no cost. The Initial Training is typically held once a month, but we may conduct it whenever necessary to train new franchisees. The Initial Training must be completed to our reasonable satisfaction at least 20 days before the Office Evolution Business opens for business. You will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training. You are responsible for all

of your expenses to attend any training program, including lodging, transportation, food, and similar expenses.

If at any time during the Initial Training it appears to us that any individual is not able to complete the training to our satisfaction, we will have the right to require that you designate a replacement BCM to attend Initial Training. There is no cost for attending Initial Training. We may charge you our then-current fee for any Additional Training held outside of a normally scheduled Initial Training.

We plan to provide the Initial Training listed in the table below. We reserve the right to vary the length and content of the Initial Training as needed based upon the experience and skill level of the individual(s) attending the Initial Training.

INITIAL TRAINING

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History/Philosophy of Office Evolution	1	0	Louisville, Colorado
Marketing	4	0	Louisville, Colorado
Membership Plans and Office Procedures	3	0	Louisville, Colorado
Mentor Shadowing at Company-Owned Locations	0	6	Affiliate-owned Office Evolution in Colorado
Telephone Answering Procedures and Capabilities	1	0	Louisville, Colorado
Sales Procedures	8	2	Louisville, Colorado
Technology & Systems Knowledge	3	0	Louisville, Colorado
CRM & Management Software Knowledge	8	0	Louisville, Colorado
Accounting/Billing/Financial Reporting	4	0	Louisville, Colorado
Totals	32	8	

Notes:

1. The training subjects may vary, and the training may be less than the times indicated above, depending on the number and experience of the attendees. We will use the Franchise Operations Manual as the primary instruction materials during the Initial Training.
2. Jena Terry, our Director of Operations Support, currently oversees our training program to which she brings more than three years of management experience in the operation of Office Evolution business centers.
3. Other instructors may include experienced Office Evolution management staff. The other management staff has from 11 to 30 years of experience in their areas of expertise and one to 10 years of experience with us or our affiliates.

Ongoing Remote Training

From time to time, we may require that you, Business Center Managers, and other employees attend system-wide refresher or additional training courses remotely (“Remote Training”). Some of these courses may be optional, while others may be required. If we conduct an inspection of your Office Evolution Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend Additional Training that addresses your operational deficiencies. You may also request that we provide Additional Training which we may provide for an additional fee.

In addition to participating in ongoing Remote Training, you will be required to attend an annual meeting of all franchisees at a location we designate and pay a Convention Fee if we hold an annual meeting of all franchisees (See Item 6). You are responsible for all travel and expenses for your attendees.

ITEM 12 TERRITORY

Protected Search Area

We will designate the Protected Search Area in the Franchise Agreement and, if applicable, we will designate multiple Protected Search Areas in the Area Development Agreement. The size of the Protected Search Area will depend on the number of Office Evolution Businesses to be developed, the demographics of the area, the population and other factors. We generally do not designate Protected Search Areas that are within downtown metropolitan areas. Area Developers will receive separate Protected Search Areas for each individual Office Evolution Business.

Each Protected Search Area under the Franchise Agreement and Area Development Agreement is a temporary area in which to search for a location for your Business Center. You will have the exclusive right to search for a Business Center within the Protected Search Area while it is in effect. However, we and other franchisees with established Office Evolution Businesses may conduct business within the Protected Search Area as allowed by the Franchise Agreement. Your Protected Search Area(s) will be subject to the Retained Rights. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Once your Business Center location is approved by us and you execute a lease or otherwise secure the location, your Protected Search Area will be terminated, and we will establish your Protected Territory. During the term of the Franchise Agreement and, if applicable, the Area Development Agreement, provided you are in compliance with the provisions herein and subject to the Retained Rights (defined below), we will not establish or authorize another person to establish an Office Evolution Business within the Protected Search Area while effective. Upon your failure to adhere to the Development Schedule for the Franchise Agreement or Area Development Agreement, you will lose the exclusive Business Center location search rights granted for the Protected Search Area(s) and it will constitute a material event of default under the Franchise Agreement for which we may, among other things: (i) terminate the Franchise Agreement or Area Development Agreement; (ii) reduce the area of the Protected Search Area; (iii) permit you to extend the Development Schedules; or (iv) pursue any other remedy we may have at law or in equity, including but not limited to, a suit for non-performance. We may allow you to develop a Business Center outside of a Protected Search Area. You may be required to pay a fee for this as discussed in Item 6. If we allow you to do this and you have signed an Area Development Agreement, we may alter or we remove one of your Protected Search Areas to account for the reduction in Office Evolution Businesses to be developed in the remaining areas.

Franchise Agreement

The Franchise Agreement grants you: (1) the right to operate an Office Evolution Business at a single location that you select, and we approve; and (2) a Protected Territory. Your Protected Territory will be subject to the Retained Rights. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If you have not identified an approved location for the Business Center when you sign the Franchise Agreement, as is typically the case, we will designate a Protected Search Area in which you will be given the exclusive right to search for a location for your Business Center, as described above. You must identify and obtain our approval of a location for your Business Center and execute a lease, purchase agreement or other binding contract for a location for the Business Center on or before the Development Schedule date set forth in the Franchise Agreement. We will designate your Protected Territory by the Development Schedule date. You will have a Protected Search Area until you have secured a location for your Business Center, at which time, any rights that you have in the Protected Search Area will terminate.

Once you secure a location for your Business Center that we approve and you execute a lease or otherwise secure the location, we will grant you a protected geographic area surrounding the approved location for your Business Center (“Protected Territory”). During the term of the Franchise Agreement and subject to the Retained Rights, we will not establish or allow others to establish another Office Evolution Business within your Protected Territory. Depending on the area, your Protected Territory may overlap with another franchisee’s protected territory but only one Office Evolution Business will be located in each protected territory. Franchisees may also market to and solicit customers within another franchisee’s protected territory in accordance with our advertising policies. You must follow advertising policies in our Franchise Operations Manual if you desire to directly market to or solicit customers whose principal residence is outside of your Protected Territory. These policies may change over time depending on such factors as the location and demographics of the Protected Territory and surrounding areas. You may operate the Office Evolution Business only at the approved location. The approved location for your Office Evolution Business will be listed in the Franchise Agreement. In addition to operating the Office Evolution Business, you may operate an unaffiliated business that is not a Competitive Business so long as (1) we approve such business as being compatible with the operation of the Office Evolution Business and (2) you operate the Office Evolution Business in compliance with the Franchise Agreement and the Franchise Operations Manual.

The size of the Protected Territory will likely differ among franchisees and will be determined by the demographics and attributes of the area in which the Business Center is situated. As a general rule, the area will be an approximately 1 to 2-mile radius from your Business Center for a “Suburban Area,” and approximately 2 to 3-mile radius from your Business Center for a “Rural/Resort Area.” We define these areas as follows: (a) “Suburban Area”- moderately dense residential areas, primarily on the outskirts of downtown metropolitan areas, or moderately-sized towns away from metro areas; and (b) “Rural/Resort Area” - low density residential areas in smaller towns across the United States. We generally do not grant Protected Territories that are within downtown metropolitan areas.

We may provide you with web links to our mapping system or other tools that will allow you to review the various areas in your Protected Search Area.

You are not guaranteed any specific approved location and you may not be able to obtain your top choice as your approved location. You may not conduct your business from any location other than the location we approve. You may not relocate the Office Evolution Business without our prior written approval. We may approve a request to relocate the Office Evolution Business in accordance with the provisions of the Franchise Agreement that provide for the relocation of the Office Evolution Business, and

our then-current site selection policies and procedures. Evaluating a proposed site, we currently consider such factors as general location and neighborhood, traffic patterns, access and viability of site, parking, size, layout and other physical characteristics.

You do not receive the right to acquire additional Office Evolution Franchises unless you purchase the right in an Area Development Agreement. You are not given a right of first refusal on the sale of existing Office Evolution Franchises. The continuation of the Protected Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. Once we establish your Protected Territory, we will not change or modify it without your consent during the term of the Franchise Agreement. If you renew your Franchise, your Protected Territory may be modified depending on the then-current demographics of the Protected Territory, and on our then-current standards for protected territories. There are no other circumstances that permit us to modify or alter your Protected Territory.

We shall have the right to designate national or regional client accounts and define what constitutes a national or regional account. You shall adhere to our processes and procedures for marketing and selling to national and regional accounts. If a national or regional account requests products or services within the Protected Search Area or within the Protected Territory and requests that you fulfill those products and services, you shall have the right to provide the products or services requested at the contracted rate(s). If you decline to provide such products or services, we may allow one of our affiliates or another franchisee to provide such products or services to such account.

Area Development Agreement

Under the Area Development Agreement, you are assigned a temporary Protected Search Area in which to exclusively search for a location for the Business Center (as described above) for each Office Evolution Business that you purchase. You must develop one Office Evolution Business in each Protected Search Area. Once we have approved a location for the Business Center of an Office Evolution Business, your Protected Search Area will be terminated, and you will be granted a Protected Territory for that Office Evolution Business. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Each Protected Search Area will terminate upon the execution of a lease or otherwise securing the location for a Business Center in accordance with the corresponding Franchise Agreement. Any failures to adhere to the Development Schedule will constitute a material event of default under the Area Development Agreement, for which we may, among other things: (i) terminate the Area Development Agreement; (ii) reduce or remove the Protected Search Areas; (iii) permit you to extend the Development Schedule; or (iv) pursue any other remedy we may have at law or in equity, including but not limited to, a suit for non-performance. Upon termination of the Area Development Agreement, the only territorial protections that you will receive will be those under each individual Franchise Agreement.

Retained Rights

Protected territories may overlap, but only one Office Evolution Business will be located in each protected territory. Accordingly, your Protected Search Area may already include existing Office Evolution Businesses, and you may not develop an Office Evolution Business that infringes on the territorial rights of existing Office Evolution Businesses. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights ("Retained Rights"):

1. to operate (on our own or through on or more of our affiliates), or grant other persons the right to operate, Office Evolution Franchises or Office Evolution Businesses, at locations and on terms

OEF deems appropriate, outside the Protected Search Area(s) while in effect, and outside the Protected Territory(ies) once established;

2. to offer and sell the products and services authorized for Office Evolution Businesses inside and outside the Protected Search Area(s) while in effect, and inside and outside the Protected Territory(ies), once established, through electronic or digital means such as the Internet and by websites established by OEF and through telemarketing, direct marketing and other distribution methods;
3. to own or operate (on our own or through one or more of our affiliates), or to grant others the right to own or operate, other business concepts that do not use the Marks or that use the Marks for services and products not offered by Office Evolution Businesses within and outside the Protected Search Area(s) or Protected Territory(ies), as applicable;
4. to acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Office Evolution franchises (each, an “Acquired Business”), and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within the Protected Search Area(s) and/or the Protected Territory(ies). We may require these businesses to use the Marks;
5. to be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at an Office Evolution franchise, even if such business operates, franchises and/or licenses competitive businesses within the Protected Search Area(s) and/or the Protected Territory(ies).

In the event that we offer and sell products and services (per (2) and (3) above), we will not pay you any compensation for our solicitation and acceptance of such sales within your Protected Search Area(s) and/or Protected Territory(ies). In the event that we acquire an Acquired Business (per (4) above) that provides products or services similar to those provided by you:

- a. We will not locate or allow to be located any newly developed Office Evolution physical locations in your Protected Search Area(s), while in effect, or within your Protected Territory(ies) once established; and
- b. We may convert an Acquired Business that is located in your Protected Search Area or within your Protected Territory once established, to an Office Evolution location to be operated by us, our affiliate, or to an Office Evolution franchise that may be operated by a franchisee. In order to do so, we will give you the first option to purchase the Acquired Business prior to the conversion, as follows: (i) we will give you written notice of our purchase of an Acquired Business and the terms and conditions and other important information about your option to purchase and the purchase price for the Acquired Business (you agree that the purchase price will be equal to the price we paid for the Acquired Business or, in the event we acquired multiple businesses, the purchase price will be a ratio equal to the Net Billings during the Acquired Business’s prior year compared to the Net Billings during all Acquired Businesses’ prior year that we purchased in the same transaction). (ii) you will have 30 days from the receipt of our notice in order to determine whether you wish to exercise your first right to purchase the Acquired Business by advising us of the same in writing. (iii) If you provide such notice to us, then you will have a total of 180 days to complete the purchase from the date of our initial notice and you must sign our then-current form of franchise agreement if you purchase the Acquired Business and pay all required initial and ongoing fees, provided that you will not be required to pay an initial franchise fee. If you choose

not to purchase the Acquired Business, do not provide notice within 30 days to us of your intent to purchase the Acquired Business or fail to complete the purchase of the Acquired Business within 180 days after we notify you, then we, our affiliate, or a third party licensee or franchisee may operate the Acquired Business as an Office Evolution Business and using the Marks in the your Protected Search Area or within your Protected Territory once established. We are not required to give notice to you prior to converting the Acquired Business to an Office Evolution location or franchise if, at the time we acquire the Acquired Business, you are not in compliance with any agreement with us.

You do not have the right to use other channels of distribution, such as the Internet, catalogues, telemarketing or other direct marketing forms, to solicit sales outside of your Protected Territory.

ITEM 13 TRADEMARKS

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to operate your Franchise using our principal Marks listed below. You may also use other future trademarks, service marks, and logos we approve to identify your Office Evolution Franchise.

The Marks and the System are owned by OE Ultimate Parent and are licensed exclusively to us. OE Ultimate Parent has granted us an exclusive license (“Trademark License”) to use the Marks to franchise the System around the world. The Trademark License is for 25 years and began on July 20, 2012. It will automatically renew for subsequent 25-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, OE Ultimate Parent has agreed to license the use of the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated. OE Ultimate Parent has registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Registered Mark	Registration Number	Registration Date	Register
office evolution	3065950	03/07/2006	Registered on the Principal Register
office evolution	4305002	03/19/2013	Registered on the Principal Register
officeevolution	4305120	03/19/2013	Registered on the Principal Register
	4405675	09/24/2013	Registered on the Principal Register
Your Business. Your Dream. Our Team.	4433572	11/12/2013	Registered on the Principal Register
Work Empowered	5455139	11/24/2018	Registered on the Principal Register
Work Empowered	5455137	11/24/2018	Registered on the Principal Register

All required affidavits have been filed for the registered Marks. There are no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; no pending infringement, opposition, or cancellation proceedings; and no pending material litigation involving any of the Marks. Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in any manner material to the Office Evolution Business. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your Office Evolution Business that you are an independently owned and operated licensed franchisee of OEF. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Office Evolution Business, or any interest in the franchise. All rights and goodwill from the use of the Marks accrue to us. If it becomes advisable, at any time, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is

warranted. You must notify us within three days if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Franchise Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Franchise Operations Manual, our advertising materials, the content and format of our products or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) for your operation of your Office Evolution Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Franchise Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Office Evolution Franchises, our training materials and techniques, information concerning Product and service sales, operating results, financial performance and other financial data of Office Evolution Franchises and other related materials are proprietary and confidential (“Confidential Information”) and are our property to be used by you only as described in the Franchise Agreement and the Franchise Operations Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Office Evolution Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the

information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Office Evolution Franchises during the term of the Franchise Agreement.

You must notify us within three days after you learn about another's use of language, a visual image or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets.

No patents or patents pending are material to us at this time.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If the franchisee is an entity, an individual must be designated to serve as the “Representative” of the franchisee and must be approved by us. The Office Evolution Franchise must at all times be under the direct, day-to-day, full-time supervision of the Representative or a Business Center Manager who has satisfied our business criteria and successfully completed our training programs. The Representative or the Business Center Manager is responsible for the daily operation and management of the Office Evolution Franchise, must devote full-time and use best efforts to the operation of the Office Evolution Franchise, and may not engage in any other business or other activity that requires any significant management responsibility, time commitment, or otherwise may conflict with the obligation to operate and manage the Office Evolution Franchise. The Representative or the Business Center Manager (or both, if we require) must also attend and complete, to our satisfaction, the Initial Training Program. If, during the term of the Franchise Agreement, the Representative is not able to continue to serve in this capacity or no longer qualifies, you must promptly notify us and designate a replacement Representative within 30 days after the Representative ceases to serve or be so qualified. Any replacement Representative must be approved by us.

The Representative and/or Business Center Manager are not required to have an equity interest in the Office Evolution Franchise. Area Developers must own at least a 51% equity interest in the franchisee for each Office Evolution Franchise developed under the Area Development Agreement.

All of your employees, independent contractors, agents, or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement, the current form of which is attached to this Franchise Disclosure Document in Exhibit G. If you are an entity, each owner (i.e., each person

holding an ownership interest in you) must sign an Owners Agreement guarantying the obligations of the entity, which is attached to the Franchise Agreement as Attachment B.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must comply with: (1) all of our standards and specifications for the purchase of all supplies, materials, fixtures, furnishings, equipment, computer systems, and other products used in the operation of the Office Evolution Franchise, as designated in the Franchise Operations Manual or in other written communication to you; and (2) all applicable laws and regulations, including health and safety standards, and obtain all appropriate governmental approvals relating to the Office Evolution Franchise.

You must sell or offer for sale only those services and products authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required services and products at our discretion with prior notice to you. If we change or add to our required services and products, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove.

In addition, you must honor the memberships of clients of other Office Evolution Franchises or of other Office Evolution businesses operated by us and our affiliates, and allow members of those Franchises and businesses to use your location without additional charge or as stated in the Franchise Operations Manual. We will administer any franchisee-to-franchisee collections and payments, if any, for clients who use locations in this manner, in accordance with the Franchise Operations Manual. The uniformity of services at all locations is critically important to the success of your Franchise and to the success of our System. We have the right to change the requirements for authorized products and services that may be offered, without limitation, including reallocating revenue based on a customer's use of Business Center. We may also designate some goods and services as optional for qualified franchisees and may require special training and certification before we will allow you to offer these optional goods and services.

You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales.

We may suggest retail pricing for the products, merchandise, and services offered by your Office Evolution Franchise. We also reserve the right, to the fullest extent permitted by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you charge for products or services. See the Franchise Operations Manual for more information on such pricing requirements. If you sell any products, services, or merchandise at any price recommended or required by us, you acknowledge that we have made no guaranty or warranty that the recommended or required price will enhance your sales or profits.

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 Franchise Agreement	Summary
a. Length of the Franchise term	Section 2	Ten years.
b. Renewal or extension of the term	Section 19	If you are in good standing and you meet other requirements, you may enter into three consecutive successor terms of five years.
c. Requirements for Franchisee to renew or extend	Section 19	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires. You must provide notice, refurbish the Business Center if necessary, and sign our then-current Franchise Agreement for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher royalty and Brand Development Fund Contributions and different Protected Territory) from the Franchise Agreement that covered your original term.
d. Termination by Franchisee	Not Applicable	Not applicable.
e. Termination by franchisor without “cause”	Not Applicable	Not applicable.
f. Termination by franchisor with “cause”	Section 20	We can terminate upon certain violations of the Franchise Agreement by you.
g. “Cause” defined – curable defaults	Section 20	You have 14 days to cure non-payment of fees and 30 days to cure defaults not listed in Section 20 of your Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
h. “Cause” defined - non-curable defaults	Section 20	Non-curable defaults include: if a franchisee becomes insolvent; makes a general assignment for the benefit of creditors; files a petition or has a petition initiated against him under federal bankruptcy laws; is adjudicated bankrupt; has receiver appointed; proceedings for composition with creditors instituted; final judgment remains unsatisfied or of record for 30 days; is dissolved or execution is levied against business or property; a suit to foreclose a lien or mortgage is initiated and not dismissed within 30 days; sells unauthorized products or services; fails three or more times within 12 months to comply with a material provision of the Agreement; you (or any principal) makes a material misrepresentation on application; abandons or loses right to Office Evolution Franchise premises; is convicted of or neither admits to nor disputes a felony or any crime we believe will likely have adverse effect on the System (also applies to principals); if any threat or damages to public health or safety is not immediately cured or removed; discloses any Confidential Information in breach of the Agreement (also applies to principal); breaches any material aspect of covenants; transfers any rights or obligations to a third party without our written consent (also applies to principals); repeatedly commits a material event of default (also applies to principals); maintains false books or records; fails to comply with Anti-Terrorism Laws.
i. Franchisee’s obligations on termination/non-renewal	Sections 21, and 22	Obligations include: ceasing operation of the Office Evolution Franchise and use of the Marks and System; completely de-identifying the Office Evolution Business; cancelling all fictitious or assumed names; ceasing operation of an operation similar to an Office Evolution Franchise; paying all amounts due to us or our affiliates; transferring rights of telephone number and listings to us; returning all Franchise Operations Manuals, software, and other proprietary materials; complying with confidentiality requirements; and, at our option, selling or assigning to us your rights in the Office Evolution Franchise premises and the equipment and fixtures used in the Office Evolution Business at fair market value.
j. Assignment of contract by franchisor	Section 18	No restriction on our right to assign.

Provision	Section in Franchise Agreement	Summary
k. “Transfer” by Franchisee – defined	Section 18	Includes voluntary or involuntary sale, assignment, subdivision, sub-franchising, or other transfer, including merger, consolidation issuing additional securities, conversion to partnership or limited partnership, or transfer caused by divorce or death.
l. Franchisor approval of transfer by Franchisee	Section 18	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 18	Transferee must meet qualifications; all monetary obligations must be paid; you must not be in default of any provisions of Franchise Agreement; transferor and its principals must sign general release; transferee must assume all obligations and responsibilities of Franchisee; upgrade Office Evolution Franchise to current specifications; satisfactorily complete training; pay Transfer Fee; pay any broker fees, if applicable; execute a non-competition covenant; and comply with right of first refusal in Section 18.G.
n. Franchisor’s right of first refusal to acquire Franchisee’s business	Section 18	We have 30 days to match any offer for your Office Evolution Business.
o. Franchisor’s option to purchase Franchisee’s business	Section 21	We may, but are not required to, purchase your Office Evolution assets at fair market value if your Franchise is terminated for any reason by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
p. Death or disability of Franchisee	Section 18	Upon death or permanent disability of Franchisee, a competent manager must be appointed within 30 days, and interest must be transferred within 12 months.
q. Non-competition covenants during the term of the Franchise	Section 22	No involvement in competing business anywhere in U.S.
r. Non-competition covenants after the Franchise is terminated or expires	Section 22	No competing business for two years in Protected Territory granted you by a Franchise Agreement, or within Protected Territory of any other of our franchisees, or within a five-mile radius of any Office Evolution Franchise in existence or under construction, or where land has been purchased or leased by any of our franchisees or by us.

Provision	Section in Franchise Agreement	Summary
s. Modification of agreement	Sections 6, 13, and 24	No modification to Franchise Agreement except in writing and signed by both you and us. Franchise Operations Manual can be modified as long as the modification does not alter your fundamental status and rights. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in this Franchise Disclosure Document.
t. Integration/merger clause	Section 24	Only the written terms of the Franchise Agreement are binding (subject to state law). Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in this Franchise Disclosure Document. Any representations or promises outside of this Franchise Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 23 and 24	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Louisville, Colorado), subject to applicable state law.
v. Choice of forum	Section 24	All disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Louisville, Colorado), subject to applicable state law. Litigation will be held exclusively in the state or federal court in which our principal place of business is located (currently Louisville, Colorado), subject to applicable state law.
w. Choice of law	Section 24	Colorado law applies, subject to applicable state law.

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

THE AREA DEVELOPER RELATIONSHIP

Provision	Section in Area Development Agreement	Summary
a. Length of the term	Section 2	Term continues until the earlier of: (a) the termination date listed in your Area Development Agreement; or (b) you have completed your development obligations in accordance with the Development Schedule.
b. Renewal or extension of the term	Not Applicable	Not Applicable.

Provision	Section in Area Development Agreement	Summary
c. Requirements for Area Developer to renew or extend	Not Applicable	Not Applicable.
d. Termination by Area Developer	Not Applicable	Not Applicable.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with “cause”	Section 7	We can terminate upon certain violations of the Area Development Agreement by you.
g. “Cause” defined - curable defaults	Section 7	Each of your obligations under the Area Development Agreement is a material and essential obligation, the breach of which may result in termination.
h. “Cause” defined – defaults which cannot be cured	Not Applicable	Not Applicable.
i. Developer’s obligations on termination/non-renewal	Not Applicable	Not Applicable.
j. Assignment of contract by franchisor	Section 8	We have the right to transfer or assign the Area Development Agreement to any person or entity without restriction.
k. “Transfer” by Area Developer – defined	Not Applicable	Not Applicable.
l. Franchisor approval of transfer by Area Developer	Not Applicable	Not Applicable.
m. Conditions for franchisor approval of transfer	Not Applicable	Not Applicable.
n. Franchisor’s right of first refusal to acquire Area Developer’s business	Not Applicable	Not Applicable.
o. Franchisor’s option to purchase Area Developer’s business	Not Applicable	Not Applicable.
p. Death or disability of Area Developer	Section 7.2	Upon death or permanent disability of Area Developer, you must transfer interest within 12 months to transferee acceptable to us.
q. Non-competition covenants during the term of the Area Development Agreement	Not Applicable	Not Applicable.
r. Non-competition covenants after the Area Development Agreement is terminated or expires	Not Applicable	Not Applicable.
s. Modification of the Area Development Agreement	Section 10	Not Applicable.
t. Integration/merger clause	Section 10	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside this Franchise Disclosure Document and the Area Development Agreement may not be enforceable.

Provision	Section in Area Development Agreement	Summary
u. Dispute resolution by arbitration	Section 15	Except for certain claims, all disputes must be mediated and arbitrated in the city closest to our principal place of business (currently, Louisville, Colorado), subject to applicable state law.
v. Choice of forum	Section 15	All disputes must be mediated, arbitrated, and if applicable, litigated in the city closest to our principal place of business (currently, Louisville, Colorado), subject to applicable state law.
w. Choice of law	Section 15	Colorado law applies, subject to applicable state law.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

The Franchisor’s financial performance information provided in this Item 19 are for the period ending December 31, 2019, prior to the World Health Organization declaring the Corona Virus a pandemic.

As of December 31, 2019, we had 65 Office Evolution Businesses in operation. Of these 65 Businesses, 57 were owned and managed by franchisees and 8 were owned and managed by our affiliates (“Reporting Group”).

The financial information in this Item 19 has been prepared using information reported by franchisees and from expense and sales records and reports produced by Office Evolution Franchises (“Franchise Locations”) as well as Office Evolution Businesses operated by an affiliate (“Company-Owned Locations”) in the Reporting Group. The numbers have not been audited but we have no reason to doubt their accuracy. Franchise Locations share many of the same characteristics as Company-Owned Locations, including degree of competition, services and goods offered, and payment of fees, and pay a reduced Brand Development Fund Contribution (“BDFC”) and local advertising expenditure. We have made certain “Franchise Related Adjustments” to the Company-Owned Locations’ financial data to add these franchise expenses.

Locations are categorized into one of three Types: startups, acquisitions and conversions. Startups are locations that originally opened as an Office Evolution Business (“Startups”). Acquisitions are similar

businesses owned by unrelated parties that we, or a franchisee, purchased and subsequently converted to an Office Evolution Business (“Acquisitions”). Conversions are similar businesses owned by unrelated parties who subsequently became franchisees and converted to an Office Evolution Business (“Conversions”). In other words, in an Acquisition the ownership changes but in a Conversion the ownership does not change.

To show opening dates we use two different terms: “Original Opening Month” and “OE Opening Month.” The Original Opening Month is the month the Business Center originally opened, either as an Office Evolution Business or as an independent operation. The OE Opening Month is the first full calendar month that the Business Center opened as an Office Evolution Business using the OE Marks. For Startups, the Original Opening Month and OE Opening Month are the same. For Conversions and Acquisitions, the Original Opening Month will precede the OE Opening Month.

PROFIT AND LOSS STATEMENTS COMPANY-OWNED LOCATIONS FOR FISCAL YEAR 2019

The information in the table below is a historical financial performance representation for the eight Company-Owned Locations that were opened prior to 2019 and as such were open for the entire 2019 calendar year. The locations are sorted left to right based on the OE Opening Month.

Table 1

Location Name	Boulder	Denver Downtown	Lone Tree	Louisville	Golden	Broomfield	Greenwood Village	Longmont
OE Opening Month	Apr-03	Jun-06	May-07	Sep-07	May-08	Nov-09	Jun-11	Mar-18
Type (1)	Startup	Startup	Acquisition	Acquisition	Acquisition	Startup	Startup	Startup
Rentable Square Footage (2)	7,193	6,163	9,266	20,373	6,497	11,413	7,986	6,414
Virtual Members in Dec 2019 (3)	105	95	71	72	93	66	49	18
2019 Revenue								
Dedicated Space	\$243,246	\$198,839	\$300,261	\$693,438	\$294,551	\$521,904	\$271,433	\$211,581
Virtual Office	\$224,462	\$174,185	\$132,623	\$116,107	\$181,601	\$108,917	\$105,195	\$23,715
Conference Rm & Other	\$92,184	\$33,969	\$36,415	\$63,429	\$53,558	\$44,012	\$52,599	\$24,386
Guest	\$33,328	\$21,408	\$15,447	\$23,912	\$9,043	\$15,670	\$12,342	\$7,125
Promotions & Discounts	(\$19,087)	(\$1,301)	(\$16,981)	(\$5,978)	(\$9,404)	(\$17,070)	(\$7,803)	(\$3,401)
Net Billings (4)	\$574,132	\$427,100	\$467,766	\$890,909	\$529,349	\$673,433	\$433,766	\$263,405
2019 Operating Expenses								
Payroll & Benefits (5)	\$60,244	\$54,753	\$52,574	\$80,409	\$68,548	\$59,866	\$56,258	\$71,289
Rent & Facilities (6)	\$236,684	\$200,588	\$319,404	\$494,108	\$209,892	\$322,922	\$142,833	\$167,436
Local Marketing (7)	\$12,644	\$9,406	\$10,302	\$19,621	\$11,658	\$14,831	\$9,553	\$5,801
Network & Systems (8)	\$7,514	\$11,320	\$12,612	\$11,775	\$5,242	\$6,620	\$7,113	\$6,735
Location Operations (9)	\$12,469	\$8,816	\$7,117	\$14,695	\$10,611	\$15,405	\$7,992	\$8,765
General & Admin (10)	\$6,141	\$5,197	\$3,399	\$12,289	\$4,766	\$4,975	\$8,152	\$2,537
Credit Card & Bank Fees (11)	\$11,796	\$8,775	\$9,611	\$18,305	\$10,876	\$13,837	\$8,912	\$5,412
Bad Debts (12)	\$2,174	\$1,617	\$1,771	\$3,373	\$2,004	\$2,550	\$1,642	\$997
Total Operating Expenses	\$349,666	\$300,472	\$416,790	\$654,575	\$323,596	\$441,006	\$242,455	\$268,973
2019 Franchise Expenses								
Royalty (13)	\$43,060	\$32,032	\$35,082	\$66,818	\$39,701	\$50,507	\$32,532	\$19,755
BD/FC (14)	\$17,224	\$12,813	\$14,033	\$26,727	\$15,880	\$20,203	\$13,013	\$7,902
Technology Licenses (15)	\$8,675	\$7,633	\$7,633	\$7,633	\$7,633	\$7,633	\$7,633	\$7,633
Call Center Allocation (16)	\$18,173	\$8,459	\$7,591	\$16,365	\$8,534	\$11,568	\$6,871	\$187
Set Up Fees (17)	\$1,400	\$1,650	\$1,650	\$1,700	\$1,550	\$1,600	\$900	\$1,350
Total Franchise Expenses	\$88,532	\$62,588	\$65,989	\$119,244	\$73,299	\$91,512	\$60,950	\$36,828
Net Operating Income (18)	\$135,934	\$64,040	(\$15,014)	\$117,090	\$132,454	\$140,915	\$130,361	(\$42,396)
Net Operating Margin (19)	24%	15%	-3%	13%	25%	21%	30%	-16%
Net Billings to Rent Ratio (20)	243%	213%	146%	180%	252%	209%	304%	157%

Table One Notes

1. Company-Owned Location “Types” only include Startups and Acquisitions.
2. “Rentable Square Footage” or “RSF” is the amount of square footage that is used to calculate the rent paid to landlords.
3. Office Evolution Businesses have three types of clients: dedicated office members, virtual office members, and guests. All clients may be a single individual or an entity which may have multiple employees or users. “Dedicated Office Members” are those members who license a dedicated office or locking workstation. A “Virtual Office Member” does not have a dedicated office or locking workspace. A “Guest” is a client without a recurring contract and is typically an infrequent user of conference rooms, training rooms or day offices. Guests are typically charged an hourly rate that is greater than the hourly rate charged to Dedicated Office Members and Virtual Office Members. Office Evolution Businesses provide various services for Dedicated Office Members and Virtual Office Members including mail handling, live receptionist telephone answering, conference rooms, day offices, internet access within a Business Center, drop in space, and access to all locations on a 24/7 basis. Because Virtual Office Members do not have dedicated space and use the facilities at a location on a part-time basis, the number of Virtual Office Members can vary greatly from location to location. Virtual Office Members per Month is the average number of Virtual Office Members that we invoiced

in 2019 across the eight Company-Owned Locations included in Table 1. The following includes average, median, low, and high values for the eight Company-Owned Locations in 2019:

	Boulder	Denver Down- town	Lone Tree	Louisville	Golden	Broom- field	Green- wood Village	Longmont
Average	96	81	66	66	78	55	45	12
Median	96	77	68	65	76	55	45	11
Low	89	72	59	60	68	48	40	7
High	105	95	71	72	93	66	49	18

4. “Net Billings” is the aggregate amount of all invoices and sales orders of any kind from the sale of products or the performance of services in connection with Office Evolution Business, including the full value of any products or services provided in exchange for non-monetary consideration such as services provided in trades or barter transactions, less any authorized discounts, promotions, and rebates afforded to clients, but specifically excluding all of the following: (a) security deposits paid by clients; and (b) all sales, use, or similar taxes collected from clients.
5. “Payroll and Benefits” generally includes all normal expenses attributable to the labor of a particular location including but not limited to payroll, commission and bonuses, payroll taxes and fees, temporary labor, Workers’ Compensation insurance, and benefits such as health insurance. This amount does not include any Payroll and Benefits attributable to an owner of an Office Evolution Business. Certain “Unallocated Expenses” have not been allocated to the eight Company-Owned Locations included in Table 1. These are expenses that would not normally be allocated to a franchised Office Evolution Business and we believe would not have an effect on revenue. All of our Company-Owned Locations are operated by a single entity and we allocate expenses to individual locations through accounting journal entries. There was an Unallocated Expense of \$106,072 for Payroll and Benefits that was not allocated to a location. This amount represents the salary, bonuses and health insurance of the general manager of all our Company-Owned Locations. This expense is shared among all our Company-Owned Locations. Because most franchisees have three or fewer locations, we believe that they will not require a general manager and as such a franchised Office Evolution Business would not incur the Unallocated Expense for Payroll and Benefits.
6. “Rent and Facilities” generally includes all expenses attributable to the occupancy of a particular location such as rent, common area maintenance charges, janitorial expenses, utilities and repairs and maintenance. This number does not include capital improvements or furniture, fixtures, and equipment purchases or leasing. Landlords may provide free rent as an incentive for entering into a lease. Any free rent is reflected in these figures by amortizing the free rent across the life of the lease in accordance with U.S. GAAP.
7. “Local Marketing” generally includes expenses for local advertising, and this Franchise Disclosure Document requires that franchisees spend 2% of Net Billings for this purpose. The amounts included in this table equal 2.2% of Net Billings. The actual amount spent by the Company-Owned Locations was greater than the required contribution of 2%. The BDFC is separate and is included in Note 14. See Note 21 for a discussion of these adjustments.
8. “Network and Systems” generally includes a local internet connection, computer equipment and software that is not capitalized, and technology repairs and maintenance. There was an Unallocated Expense of \$2,516 for Network and Systems. This Unallocated Expense was distributed to the individual locations based on their percentage of the total 2019 revenue of all eight Company-Owned Locations.
9. “Location Operations” generally includes items such as office supplies, kitchen supplies, postage and delivery, client appreciation, and multifunction copier and scanner leasing and maintenance. There

was an Unallocated Expense credit of \$1,378 for Location Operations. Some of our suppliers of refreshments and copier services invoice us centrally and we are unable to determine the purpose of the expense from the invoice. This Unallocated Expense credit was distributed to the individual locations based on their percentage of the total 2019 revenue of all eight Company-Owned Locations.

10. “General and Admin” generally includes administrative items such as insurance, employee expenses such as appreciation, recruiting, education and meals, mileage, travel, personal property taxes and dues and subscriptions. General and Admin does not include credit card and bank fees or bad debts as described below. The Unallocated Expenses in this row include General and Admin expenses that were not allocated to a specific location. There was an Unallocated Expense of \$10,999 for General and Admin expenses. This number is comprised of costs for general liability insurance, appreciation, education, training, meals and entertainment but excludes travel, auto and mileage for our General Manager totaling \$5,377. This Unallocated Expense was distributed to the individual locations based on their percentage of the total 2019 revenue of all eight Company-Owned Locations.
11. “Credit Card and Bank Fees” include fees for credit card processing and fees charged by our banks. We do not report Credit Card and Bank Fees for each location, rather we include them in General and Admin as a lump sum. For purposes of this table, we separated out Credit Cards and Bank Fees from General and Admin by dividing total Credit Card and Bank Fees by total Net Billings and then applied that percentage (2.05%) to each location.
12. “Bad Debts” include amounts we expense when we cannot collect from a client. We do not report Bad Debts for each location, rather we include them in General and Admin as a lump sum. For purposes of this table, we separated out Bad Debts from General and Admin by dividing total Bad Debts by total Net Billings and then applied that percentage (0.38%) to each location.
13. Company-Owned Locations are not charged the Royalty, but the Royalty was calculated at 7.5% of Net Billings for the purposes of this table. See Note 21 for a discussion of these adjustments.
14. The BDFC in this Franchise Disclosure Document requires franchisees to contribute 3% of Net Billings to the Brand Development Fund. The amounts included in this table equal 3% of Net Billings. The actual amount spent by the Company-Owned Locations was less than calculated amounts shown. See Note 21 for a discussion of these adjustments.
15. The Technology Licenses amount reported for the Boulder location is the amount charged for a first location, while the Technology Licenses amount reported for all other locations in this table is the amount charged for additional locations. The Technology Licenses were adjusted in June 2019. Before June it was \$825 per month for an initial location and \$616.61 per month per additional location. Starting in June 2019 it changed to \$650 per month for all locations. The amounts included in this table equal the actual monthly Technology Licenses for the entire 2019 fiscal year.
16. This table includes the actual cost paid by Company-Owned Locations for the cost of call answering services which are provided by an outside vendor at a rate of \$0.90-\$1.00/minute for all locations.
17. The “Set Up Fees” is equal to \$50 for each new member and is the actual amount paid by Company-Owned Locations.
18. “Net Operating Income” equals Net Billings minus operating expenses minus Franchise Related Adjustments (defined in Note 21).
19. “Net Operating Margin” equals Net Operating Income divided by Net Billings, displayed as a percentage.
20. “Net Billings to Rent Ratio” equals Net Billings divided by the sum of rent plus utilities plus janitorial expenses.

We have added a Royalty of 7.5% of Net Billings and increased the BDFC to 3% of Net Billings. The illustrative adjustments of adding a Royalty and adjusting BDFD (“Franchise Related Adjustments”) in the tables above present financial projections. These projections are based on historical information. Certain assumptions and bases were made for these projections and we present these assumptions below. Any change in these assumptions would require material alterations to the projections.

Assumptions:

- a. **Added Expenses.** In making the Franchise Related Adjustments, we assumed that any additional expenses would not have a direct or indirect material effect on revenue or other expenses.

NET BILLINGS FRANCHISE LOCATIONS

The information in the table below is a historical financial performance representation for the 12-month period ended December 31, 2019 for the 57 Franchise Locations with an OE Opening Month on or before December 2019 and still operating as of December 31, 2019. Four locations were terminated as franchises during 2019 and were excluded from the results below.

The Franchise Locations below are sorted based on the OE Opening Month. Many of the Original Opening Months of Acquisitions and Conversions have been estimated for us by the franchisees in which case we have noted the date with an asterisk.

Table 2:

Location State	CO	CA	NJ	CO	IL	OH	OH	UT	CA
Original Opening Month							2013*		
OE Opening Month	Oct-04	Aug-14	Aug-14	Nov-14	Feb-15	Feb-15	Mar-15	May-15	Jan-16
Type (1)	Startup	Startup	Startup	Startup	Startup	Startup	Acquisition	Startup	Startup
Rentable Square Footage	7,115	4,838	7,640	9,122	6,610	6,189	16,818	unreported	7,115
Net Billings (2)	\$409,062	\$449,493	\$373,778	\$426,703	\$354,596	\$249,335	\$882,623	\$218,965	\$424,861

Location State	MA	CO	NJ	UT	CO	IL	OH	SC	TN
Original Opening Month		2008*				2008*	2000*		
OE Opening Month	Feb-16	Jul-16	Oct-16	Oct-16	Dec-16	Mar-17	Mar-17	May-17	Jul-17
Type (1)	Startup	Acquisition	Startup	Startup	Startup	Acquisition	Acquisition	Startup	Startup
Rentable Square Footage	7,363	12,895	7,939	unreported	13,226	23,360	18,705	7,032	5,500
Net Billings (2)	\$339,399	\$922,423	\$562,403	\$191,295	\$478,289	\$493,948	\$560,011	\$487,696	\$361,804

Location State	NC	NJ	VA	NC	KS	CT	FL	GA	AZ
Original Opening Month	unknown								
OE Opening Month	Dec-17	Dec-17	Dec-17	Jan-18	Feb-18	Mar-18	Mar-18	Mar-18	Apr-18
Type (1)	Acquisition	Startup	Startup	Startup	Startup	Startup	Startup	Startup	Startup
Rentable Square Footage	6,542	5,537	6,508	5,944	11,028	10,045	9,299	9,801	6,568
Net Billings (2)	\$425,740	\$495,048	\$318,234	\$308,262	\$386,986	\$187,292	\$600,686	\$423,166	\$248,980

Location State	NC	TX	IA	TX	IL	NY	CA	FL	IL
Original Opening Month					unknown		unknown		
OE Opening Month	Apr-18	Apr-18	May-18	May-18	Jun-18	Jun-18	Jul-18	Jul-18	Jul-18
Type (1)	Startup	Startup	Startup	Startup	Acquisition	Startup	Acquisition	Startup	Startup
Rentable Square Footage	6,104	8,735	5,547	6,872	10,414	13,916	11,409	8,084	7,758
Net Billings (2)	\$151,117	\$339,459	\$129,753	\$349,143	\$357,398	\$247,694	\$313,187	\$333,793	\$311,598

Location State	PA	AZ	AZ	AZ	CO	GA	IN	MI	NC
Original Opening Month		Mar-15	Jan-14	Apr-15	1994*				
OE Opening Month	Jul-18	Oct-18	Oct-18	Oct-18	Oct-18	Oct-18	Oct-18	Oct-18	Oct-18

Type (1)	Startup	Conversion	Conversion	Conversion	Acquisition	Startup	Startup	Startup	Startup
Rentable Square Footage	8,298	9,658	8,047	7,904	14,694	6,946	5,711	7,112	6,567
Net Billings (2)	\$135,198	\$376,945	\$328,894	\$392,012	\$966,094	\$104,168	\$211,006	\$281,363	\$107,936

Location State	NJ	ID	CT	TX	VA	MO	CA	NJ	SC
Original Opening Month						unknown			
OE Opening Month	Dec-18	Jan-19	Mar-19	Apr-19	Apr-19	Apr-19	May-19	Jun-19	Aug-19
Type (1)	Startup	Startup	Startup	Startup	Startup	Acquisition	Startup	Startup	Startup
Rentable Square Footage	7,755	5,741	8,018	11,800	6,461	13,871	7,676	9,744	7,409
Net Billings (2)	\$227,799	\$210,591	\$126,097	\$96,553	\$149,516	\$455,143	\$109,290	\$103,973	\$142,538

Location State	CA	NC	CA
Original Opening Month			
OE Opening Month	Sep-19	Dec-19	Dec-19
Type (1)	Startup	Startup	Startup
Rentable Square Footage	9,598	6,762	7,225
Net Billings (2)	\$235,194	\$6,460	\$628

Table Two Notes

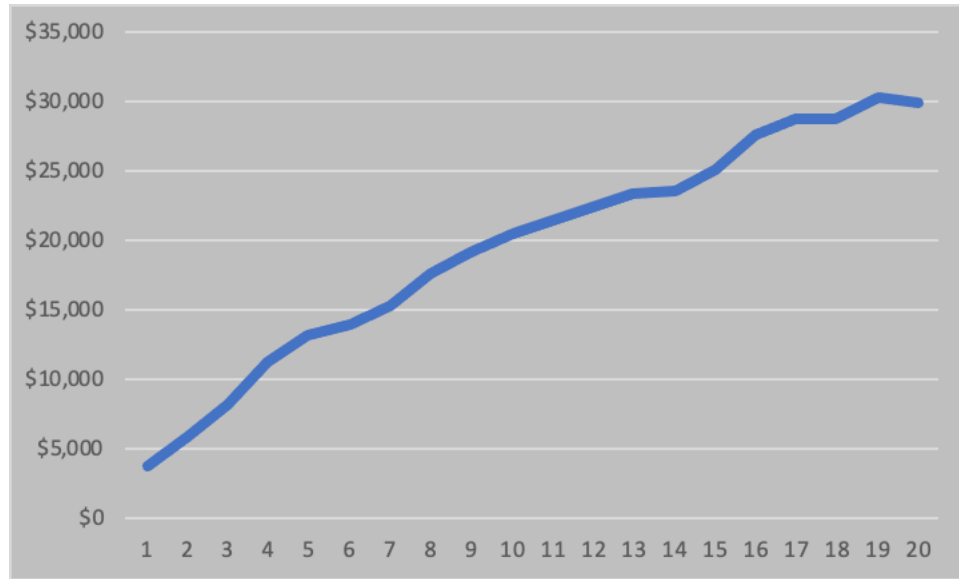
1. Type includes Startup Locations, Acquisitions and Conversions.
2. Net Billings is defined in Table 1 Note 4.

MONTHLY REVENUE OF FRANCHISE STARTUP LOCATIONS THAT OPENED IN 2017, 2018 and 2019

The information in the charts and table below represent the historical financial performance through December 31, 2019 for 33 Startup Franchise Locations that had their OE Opening Month in 2017, 2018 and 2019. The information is displayed based on the number of months from the OE Opening Month. We have included only Startup Franchise Locations that opened in 2017, 2018 and 2019 because they more closely resemble the offering in this Franchise Disclosure Document in terms of opening activities, marketing campaigns, location size, and design and franchisee qualifications.

Table 3:

Average Monthly Net Billings



Cumulative Average Monthly Net Billings

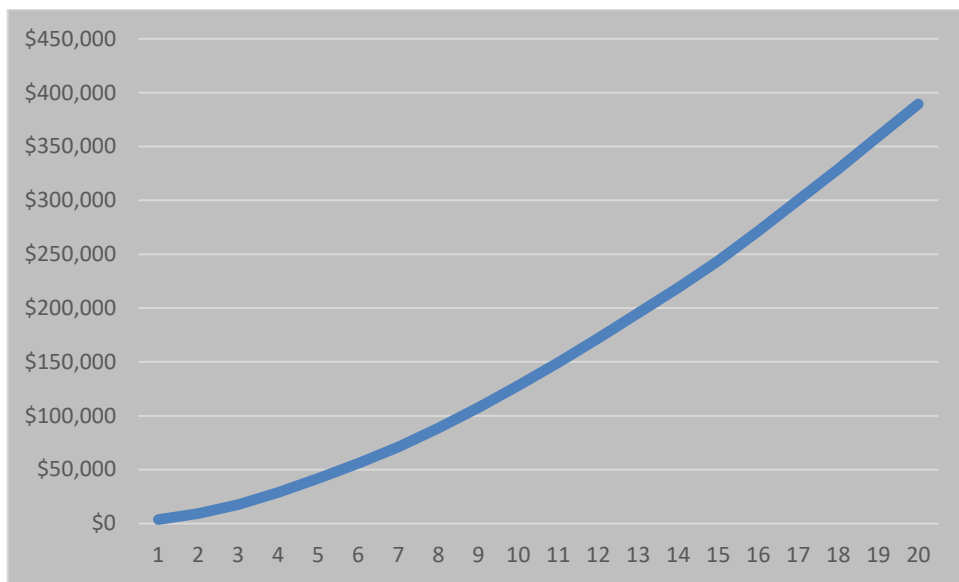


Table Three Notes

The data for the charts above is displayed below.

Months Open	1	2	3	4	5
2017-2019 Openings - Average	\$3,739	\$5,757	\$8,181	\$11,232	\$13,093
2017-2019 Openings - Median	\$2,547	\$4,453	\$7,051	\$10,763	\$11,898
2017-2019 Openings - High	\$18,426	\$19,893	\$26,445	\$27,630	\$31,580
2017-2019 Openings - Low	\$179	\$754	\$2,864	\$2,199	\$3,679
2017-2019 Openings - # of Locations	33	31	31	31	30

% of Locations that Exceed the Average	27%	35%	32%	35%	37%
2017-2019 Openings - Sum of Averages	\$3,739	\$9,496	\$17,678	\$28,909	\$42,003

Months Open	6	7	8	9	10
2017-2019 Openings - Average	\$13,961	\$15,299	\$17,491	\$19,028	\$20,451
2017-2019 Openings - Median	\$16,159	\$14,443	\$18,000	\$18,512	\$22,587
2017-2019 Openings - High	\$24,921	\$28,693	\$35,619	\$45,640	\$45,167
2017-2019 Openings - Low	\$3,166	\$3,610	\$4,506	\$3,498	\$5,968
2017-2019 Openings - # of Locations	29	29	28	27	25
% of Locations that Exceed the Average	52%	48%	57%	44%	52%
2017-2019 Openings - Sum of Averages	\$55,964	\$71,263	\$88,754	\$107,781	\$128,232

Months Open	11	12	13	14	15
2017-2019 Openings - Average	\$21,400	\$22,482	\$23,344	\$23,478	\$25,150
2017-2019 Openings - Median	\$21,018	\$22,455	\$23,598	\$23,063	\$26,104
2017-2019 Openings - High	\$45,235	\$46,385	\$43,398	\$42,046	\$44,502
2017-2019 Openings - Low	\$8,665	\$8,336	\$9,600	\$11,654	\$10,386
2017-2019 Openings - # of Locations	24	24	23	22	22
% of Locations that Exceed the Average	46%	50%	52%	45%	55%
2017-2019 Openings - Sum of Averages	\$149,632	\$172,114	\$195,458	\$218,936	\$244,086

Months Open	16	17	18	19	20
2017-2019 Openings - Average	\$27,622	\$28,708	\$28,766	\$30,346	\$29,937
2017-2019 Openings - Median	\$27,359	\$28,453	\$27,282	\$28,875	\$28,560
2017-2019 Openings - High	\$51,354	\$52,330	\$57,237	\$54,008	\$52,815
2017-2019 Openings - Low	\$11,319	\$12,918	\$11,532	\$9,988	\$11,205
2017-2019 Openings - # of Locations	18	18	18	16	14
% of Locations that Exceed the Average	50%	50%	44%	38%	43%
2017-2019 Openings - Sum of Averages	\$271,708	\$300,415	\$329,182	\$359,528	\$389,464

1. The information in the chart is displayed such that Month 1 is the OE Opening Month for each Location. For example, if a Location's first full calendar month of operation were May 2017, then May 2017 would equate to Month 1 on this chart and results from June 2017 would be shown as Month 2, and so on.
2. Net Billings is defined in Table 1 Note 4.

NET BILLINGS TO RENT RATIO

The information in the table below provides important operating statistics for Company-Owned Locations and Franchise Locations. The information in Table 4 below is a historical financial performance representation for seven Company-Owned Locations and eleven Franchise Locations with an OE Opening Month on or before December 2016. Because it may take several years for a Business Center to reach maturity, we have included only locations that have been opened for at least three years. We believe Business Centers that have been opened more than three years provide a more accurate approximation of how a mature location may perform. Because this financial performance representation is based on the results attained by mature Business Centers, you should not expect to attain similar results during your first several years of operation.

Three locations with an OE Opening Month on or before December 2016 were excluded from these calculations. At two locations, the franchisee owned the real estate, so no rent was provided to calculate the Net Billings to Rent ratio. The third location had not completed the construction necessary to increase

the number of dedicated office spaces required by Office Evolution standards and therefore its results were not representative of the type of Business Center described in this Franchise Disclosure Document.

Table 4:

Net Billings to Rent Ratio - Open 3 Years

“Net Billings to Rent Ratio” equals Net Billings during 2019 divided by the sum of rent plus utilities plus janitorial expenses during 2019, for seven Company-Owned Locations and eleven Franchise Locations with an OE Opening Month on or before December 2016.

Statistic	Average	Median	High	Low	% of Locations that Exceeded Average
Net Billings to Rent Ratio - Open 3 Years					
Company-Owned Locations	222%	213%	308%	148%	43%
Franchise Locations	199%	205%	274%	139%	55%
All Locations	208%	210%	308%	139%	56%

Table Four Notes

The data for the charts above is displayed below.

Location State	CO	CO	CO	CO	CO	CO
Company-Owned vs Franchise	C-O	Fran	C-O	C-O	C-O	C-O
OE Opening Month (1)	Apr-03	Oct-04	Jun-06	May-07	Sep-07	May-08
Type (2)	Startup	Startup	Startup	Acquisition	Acquisition	Acquisition
Rentable Square Footage (3)	7,193	7,115	6,163	9,266	20,373	6,497
Net Billings/Rent Ratio (4)	243%	236%	213%	148%	182%	253%

Location State	CO	CO	CA	NJ	CO	IL
Company-Owned vs Franchise	C-O	C-O	Fran	Fran	Fran	Fran
OE Opening Month (1)	Nov-09	Jun-11	Aug-14	Aug-14	Nov-14	Feb-15
Type (2)	Startup	Startup	Startup	Startup	Startup	Startup
Rentable Square Footage (3)	11,413	7,986	4,838	7,640	9,122	6,610
Net Billings/Rent Ratio (4)	209%	308%	171%	222%	205%	170%

Location State	OH	OH	CA	MA	CO	NJ
Company-Owned vs Franchise	Fran	Fran	Fran	Fran	Fran	Fran
OE Opening Month (1)	Feb-15	Mar-15	Jan-16	Feb-16	Jul-16	Oct-16
Type (2)	Startup	Acquisition	Startup	Startup	Acquisition	Startup
Rentable Square Footage (3)	6,189	16,818	7,115	7,363	12,895	7,939
Net Billings/Rent Ratio (4)	176%	218%	162%	139%	229%	274%

1. The OE Opening Month is the first full calendar month that the Business Center opened as an Office Evolution Business using the OE Marks.
2. Type includes Startup and Acquisition locations.

3. Rentable Square Footage is the amount of square footage that is used to calculate the rent paid to landlords.
4. Net Billings to Rent Ratio equals Net Billings divided by the sum of rent plus utilities plus janitorial expenses incurred in 2019.
5. Net Billings is defined in Table 1 Note 4.

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

STATEMENT OF ANNUAL PROJECTED REVENUES, EXPENSES AND NET OPERATING INCOME FOR A FRANCHISED OFFICE EVOLUTION BUSINESS

The following is a statement of projected annual Net Billings, expenses and Net Operating Income for a franchised Office Evolution Business. We have provided this projection as a guideline to help franchisees with their own forecasts and estimates.

The data used to project Net Billings and Net Billings to Rent Ratio (defined in Note 3 below) was extrapolated from the averaged results of seven Company-Owned Locations and eleven Franchise Locations that had their OE Opening Dates prior to December 2016, (“Projection Criteria”). Because it may take several years for a Business Center to reach maturity, we have included only locations that have been open for at least three years. We believe Business Centers that have been open more than three years provide a more accurate approximation of how a mature location may perform. Because this projection is based on the results attained by mature Business Centers, you should not expect to attain similar results during your first several years of operation (see Table 3 for historical financial performance of Startup Franchise Locations). Three locations with an OE Opening Month on or before December 2016 were excluded from these calculations. At two locations, the franchisee owned the real estate, so no rent was provided to calculate the Net Billings to Rent ratio. The third location had not completed the construction necessary to increase the number of dedicated office spaces required by Office Evolution standards and therefore its results were not representative of the type of Business Center described in this Franchise Disclosure Document.

To simplify the projections, the projection assumes a single, constant number of clients for the entire the year which we have found to be the case for mature locations. Assuming a constant number of clients may be factually inaccurate and result in a less reliable projection. In this projection, the Net Billings to Rent Ratio is based on actual 2019 data for the eight Company-Owned Locations and eleven Franchise Locations that met the Projection Criteria, divided by the total monthly amount of base and CAM rent, utilities and janitorial expenses.

The data used to project all Operating Expenses and franchise expenses was extrapolated from the averaged historical results of the eight Company-Owned Locations that were open for all of 2019. We chose to exclude Operating Expenses data from Franchise Locations because of the significant differences in how Franchise Locations record and report these expenses. We have no reason to believe that the Operating Expenses of our Company-Owned Locations would be materially different than those of Franchise Locations. Net Billings, operating expenses and franchise related expenses are all rounded to the nearest \$100.

Table 5:

Rentable Square Footage (1)	10,000
Rent per Square Foot (2)	\$30.00
Net Billings to Rent Ratio (3)	208%
Net Billings (4)	\$624,600
Operating Expenses	
Payroll & Benefits (5)	\$63,000
Rent & Facilities (6)	\$301,400
Local Marketing (7)	\$12,500
Network & Systems (8)	\$8,600
Location Operations (9)	\$12,400
General & Admin (10)	\$5,900
Credit Card & Bank Fees (11)	\$12,800
Bad Debts (12)	\$2,400
Total Operating Expenses	\$419,000
Franchise Expenses	
Royalty (13)	\$46,800
BDFC (14)	\$18,700
Technology Licenses (15)	\$7,800
Call Center Allocation (16)	\$2,200
Set Up Fees Allocation (17)	\$1,400
Total Franchise Expenses	\$76,900
Net Operating Income (18)	\$128,700
Net Operating Margin (19)	21%

Table Five Notes

1. Rentable Square Footage is the amount of square footage that is used to calculate the rent paid to our landlords. We assumed a 10,000 rentable square foot location because our current franchise model focuses on startup locations with between 8,000 and 12,000 rentable square feet and we used 10,000 rentable square feet as the ideal size.
2. Rent per Square Foot is the total annual amount of base and CAM rent, utilities and janitorial expenses divided by the Rentable Square Footage of a location. We assumed \$30.00 per rentable square foot. We believe it is a reasonable figure given current market conditions.
3. Net Billings to Rent Ratio is Net Billings divided by base and CAM rent, utilities and janitorial expenses. We took the average for all locations as described in Table 4.
4. Net Billings equals Rentable Square Footage multiplied by Rent per Square Foot multiplied by the Net Billings to Rent Ratio.
5. Payroll and Benefits generally includes all normal expenses attributable to the labor of a particular location including but not limited to payroll, commission and bonuses, payroll taxes and fees, temporary labor, Workers' Comp insurance, payroll taxes and benefits such as health insurance. The projection assumes Business Center Manager ("BCM") base pay, bonuses, incentive compensation and benefits at \$62,933 per year which is the average that we paid at the eight

Company-Owned Locations that were open for all of 2019. We believe that the compensation paid to our BCMs, all of whom work in the Denver metro area, is a reasonable compensation level. Business Centers that operate under an owner-operator model may have lower expenses for Payroll and Benefits. This number does not include any payroll and benefits attributable to an owner of an Office Evolution Business. In our experience, for Business Center locations with less than 12,000 rentable square feet, Payroll and Benefits do not vary significantly with RSF or Net Billings. While some franchisees have chosen to staff larger locations with an additional part-time BCM, we staff all Company-Owned Locations with only one BCM, including our 20,000+ RSF location. If your BCM's salary is higher than the average presented, or if you hire an additional part-time BCM, your Net Operating Income may be less than the projected Net Operating Income.

6. Rent and Facilities is calculated in each projection by multiplying RSF times the Rent per Square Foot. In addition, we added an amount equal to Net Billings times 0.23% which is amount we recorded for repairs and maintenance, keys and locks and miscellaneous expenses related to the maintenance of the eight Company-Owned Locations that were open for all of 2019 divided by total Net Billings for all eight locations. Your rental rate may vary greatly depending on your market conditions, the amount of improvements provided by your landlord, the term of the lease, and other factors. Rent and Facilities does not include any capital expenses.
7. We have projected Local Marketing at 2% of Net Billings. This contribution requirement is described in Item 6. In addition, you must contribute to the Brand Development Fund an amount equal to 3% of Net Billings as described further in Note 14 below.
8. Network and Systems generally includes local internet connection, computer equipment and software that is not capitalized, and technology repairs and maintenance. We projected this amount using the average annual amount we paid at our eight Company-Owned Locations that were open for all of 2019. Also, we assumed that you will secure a single business class internet circuit with at least 100MB per second speeds. This cost may vary based on local market conditions, the bandwidth you select, the term of your agreement, and if you select a fiber service instead of cable service. In our experience, for locations of less than 12,000 rentable square feet, Network and Systems does not vary significantly with RSF or Net Billings.
9. Location Operations generally includes items such as office supplies, kitchen supplies, postage and delivery, client appreciation, and multifunction copier and scanner leasing and maintenance. We projected this amount by calculating 1.98% of Net Billings, which is amount we recorded for Location Operation expenses at our eight Company-Owned Locations and dividing that number by total Net Billings for all eight Company-Owned Locations.
10. General and Admin generally includes administrative items such as insurance, employee expenses such as appreciation, recruiting, education and meals, mileage, travel, personal property taxes and dues and subscriptions. We projected this amount at \$5,932 which is the average amount we recorded for General and Admin expenses at our eight Company-Owned Locations, less credit card and bank fees and bad debts which are described below.
11. "Credit Card and Bank Fees" include fees for credit card processing and fees charged by our banks. We projected this amount by calculating 2.05% of Net Billings, which is the amount we recorded for Credit Card and Bank Fees at our eight Company-Owned Locations during 2019 and dividing that number by total Net Billings for all eight Company-Owned Locations.
12. Bad Debts include amounts we expense when we cannot collect from a client. We projected this amount by calculating 0.38% of Net Billings which is the amount we recorded for Bad Debts at our eight Company-Owned Locations during 2019 and dividing that number by total Net Billings for all eight Company-Owned Locations.
13. The Royalty Fee is projected at 7.5% of Net Billings and is more fully described in Item 6.

14. The contribution to our Brand Development Fund is equal to 3% of Net Billings as more fully described in Item 6.
15. Technology Licenses is explained in Item 6. We used the current rate of \$650 per month.
16. Call Center expenses averaged .35% of Net Billings which is the amount we recorded for Call Center expenses at all locations during 2019 and dividing that number by total Net Billings for all Locations in 2019.
17. Setup Fee Allocation is equal to \$50 for each new member as described in Item 6. We projected this amount by calculating 0.22% of Net Billings, which is the amount we recorded for Setup Fee expenses at all locations during 2019 and dividing that number by total Net Billings for all Locations in 2019.
18. Net Operating Income equals Net Billings minus Total Operating Expenses and franchise expenses.
19. Net Operating Margin equals Net Operating Income divided by Net Billings, displayed as a percentage.

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

These figures are only estimates of what we think you may sell or earn. Your individual results may differ. There is no assurance that you'll sell or earn as much.

Other than the preceding financial performance representation, OE Franchise, LLC does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mark Hemmeter, CEO, 357 McCaslin Blvd, Suite 200, Louisville, CO 80027, (877) 449-0498, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2017-2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	19	28	+9
	2018	28	50	+22
	2019	50	57	+7
Company-Owned	2017	7	7	0
	2018	7	9	+2
	2019	9	8	-1
Total Outlets	2017	26	35	+9
	2018	35	59	+24
	2019	59	65	+6

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2017-2019

State	Year	Number of Transfers
Colorado	2017	0
	2018	0
	2019	0
Totals	2017	0
	2018	0
	2019	0

Table No. 3
Status of Franchised Outlets
For Years 2017-2019

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2017	0	0	0	0	0	0	0
	2018	0	4	0	0	0	0	4
	2019	4	0	0	0	0	0	4
California	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	3	0	0	0	0	6
Colorado	2017	5	0	0	0	0	0	5
	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
Connecticut	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Florida	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
	2019	2	0	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Georgia	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Idaho	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Illinois	2017	1	1	0	0	0	0	2
	2018	2	2	0	0	0	0	4
	2019	4	0	0	0	0	0	4
Indiana	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Iowa	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Kansas	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Massachusetts	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Michigan	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Missouri	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
New Jersey	2017	2	1	0	0	0	0	3
	2018	3	1	0	0	0	0	4
	2019	4	1	0	0	0	0	5
New York	2017	0	1	0	0	0	0	1
	2018	1	1	1	0	0	0	1
	2019	1	0	0	0	0	0	1
North Carolina	2017	0	2	0	0	0	0	2
	2018	2	2	0	0	0	0	4
	2019	4	0	0	0	0	0	5
Ohio	2017	3	1	0	0	0	0	4
	2018	4	0	0	0	1	0	3
	2019	3	0	0	0	0	0	3
Pennsylvania	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
South Carolina	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Tennessee	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Texas	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
	2019	2	1	0	0	0	0	3
Utah	2017	5	0	0	0	0	0	5
	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	2
Virginia	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Totals	2017	19	9	0	0	0	0	28
	2018	28	24	1	0	1	0	50
	2019	50	9	0	0	0	0	57

Table No. 4
Status of Company-Owned Outlets
For Years 2017-2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado ⁽¹⁾	2017	7	0	0	0	0	7
	2018	7	1	0	0	0	8
	2019	8	0	0	0	0	8
Ohio ⁽²⁾	2017	0	0	0	0	0	0
	2018	0	0	1	0	0	1
	2019	1	0	0	1	0	0
Total Outlets	2017	7	0	0	0	0	7
	2018	7	1	1	0	0	9
	2019	9	0	0	1	0	8

(1) These outlets are operated by our affiliate, OE Colorado.

(2) This outlet was operated by our affiliate, OE Columbus.

Table No. 5
Projected Openings as of
December 31, 2019 for 2020

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	2	0
California	0	4	0
Colorado	2	3	0
Florida	1	4	0
Georgia	1	1	0
Illinois	0	0	1
Indiana	1	0	0
Massachusetts	0	0	1
Mississippi	1	0	0
Missouri	0	1	0
New Jersey	0	2	0
Ohio	1	0	0
New York	0	2	0
North Carolina	0	1	0
Oregon	0	1	0
Texas	1	4	0
Virginia	1	3	0
Washington	1	1	0
Wisconsin	0	1	0
Total	10	30	2

The names, addresses, and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit E. The name and last known address and email address of every current franchisee and every franchisee who has had an Office Evolution Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending December 31, 2019, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit E. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the Office Evolution Franchise System. You may wish to speak with current and former franchisees but know that not all such franchisees can communicate with you. During the last three fiscal

years, we have had one franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Office Evolution Franchise System. If you buy an Office Evolution Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

ITEM 21 FINANCIAL STATEMENTS

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of December 31, 2019, December 31, 2018 and December 31, 2017. Our fiscal year end is December 31st.

ITEM 22 CONTRACTS

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit G	Contracts for use with the Office Evolution Franchise
Exhibit I	State Addenda and Agreement Riders

ITEM 23 RECEIPT

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date, and return one copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A



**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

<u>CALIFORNIA</u> <u>State Administrator and Agent for Service of Process:</u> Commissioner Department of Business Oversight 320 W. 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677 <u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 <u>Agent for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 <u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465 <u>INDIANA</u> Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	<u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360 <u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 <u>MICHIGAN</u> Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117 <u>MINNESOTA</u> Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600 <u>NEW YORK</u> <u>Administrator:</u> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236 <u>Agent for Service of Process:</u> New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	<u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 E. Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712 <u>RHODE ISLAND</u> Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 (401) 462-9527 <u>SOUTH DAKOTA</u> Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563 <u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 <u>Agent for Service of Process:</u> Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 <u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 <u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364
--	--	--

Rev. 100318

EXHIBIT B



FINANCIAL STATEMENTS

OE FRANCHISE, LLC

Financial Statements
with Report of Independent Auditors

December 31, 2019 and 2018



OE FRANCHISE, LLC

Table of Contents

	<u>Page</u>
Independent auditors' report	3
Balance sheets	4
Statements of operations	5
Statements of member's equity	6
Statements of cash flows	7
Notes to the financial statements	8



Independent Auditors' Report

To the Member
OE Franchise, LLC

We have audited the accompanying financial statements of OE Franchise, LLC, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OE Franchise, LLC as of December 31, 2019 and 2018, 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.

St. George, Utah
March, 31, 2020

OE FRANCHISE, LLC
Balance Sheets
As of December 31, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and cash equivalents	\$ 90,760	\$ 187,077
Accounts receivable, net of allowance for doubtful accounts of \$31,276 and \$22,065 as of December 31, 2019 and 2018, respectively	366,233	218,820
Prepaid expenses	38,978	11,168
Deposits	37,500	37,500
Note receivable	-	6,000
Related party receivables	278,978	64,162
Related party note receivable current portion	234,987	230,177
Deferred commission expense current portion	228,822	836,500
Total current assets	1,276,258	1,591,404
Deferred commission expense	407,473	-
Related party note receivable	734,508	969,823
Intangible assets, net	37,500	24,000
Property and equipment, net	4,693	2,207
Total assets	<u>\$ 2,460,432</u>	<u>\$ 2,587,434</u>
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	\$ 117,018	\$ 17,350
Accrued expenses	12,176	11,842
Credit card payable	14,305	5,930
Deferred revenue current portion	601,867	2,259,500
Total current liabilities	745,366	2,294,622
Long term liabilities:		
Deferred revenue	1,322,992	-
Total liabilities	2,068,358	2,294,622
Member's equity:		
Accumulated member's equity	392,074	292,812
Total member's equity	392,074	292,812
Total liabilities and member's equity	<u>\$ 2,460,432</u>	<u>\$ 2,587,434</u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
Statements of Operations
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue:		
Franchise fees	\$ 803,360	\$ 734,500
Royalty income	1,412,335	842,785
Management fees	-	282,000
Advertising fund fees	555,508	337,001
Transfer fees	11,250	-
Other franchise revenue	<u>961,129</u>	<u>610,224</u>
Total revenue	3,743,582	2,806,510
Operating expenses:		
General and administrative expenses	1,576,322	1,284,463
Professional fees	88,146	71,278
Marketing expenses	599,832	601,051
Depreciation and amortization	<u>13,735</u>	<u>12,311</u>
Total operating expenses	2,278,035	1,969,103
Operating income	<u>1,465,547</u>	<u>837,407</u>
Other income (expense)		
Interest income	22,507	-
Interest expense	<u>(3,100)</u>	<u>(1,041)</u>
Net income	<u>\$ 1,484,954</u>	<u>\$ 836,366</u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
Statements of Member's Equity
For the years ended December 31, 2019 and 2018

	Accumulated Member's Equity	Total Member's Equity
Balances at December 31, 2017	\$ 131,388	\$ 131,388
Member distributions	(674,942)	(674,942)
Net income	836,366	836,366
Balances at December 31, 2018	292,812	292,812
Adoption of ASC 606	234,258	234,258
Member distributions	(1,619,950)	(1,619,950)
Net income	1,484,954	1,484,954
Balances at December 31, 2019	<u>\$ 392,074</u>	<u>\$ 392,074</u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
Statements of Cash Flows
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Net income	\$ 1,484,954	\$ 836,366
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	13,735	12,311
Changes in operating assets and liabilities:		
Accounts receivable	(147,413)	(87,080)
Deferred commission expense	(190,736)	192,000
Prepaid expenses	(27,810)	2,863
Deposits	-	23,125
Note receivable	6,000	10,000
Related party receivables	(214,816)	1,110,629
Accounts payable	99,668	(48,166)
Accrued expenses	334	11,842
Credit card payable	8,375	(6,268)
Deferred revenue	290,558	(268,500)
Net cash provided by operating activities	<u>1,322,849</u>	<u>1,789,122</u>
Cash flows from investing activities:		
Purchase of equipment	(4,721)	(1,498)
Purchase of website	(25,000)	-
Related party note receivable	230,505	(1,200,000)
Net cash provided by (used in) investing activities	<u>200,784</u>	<u>(1,201,498)</u>
Cash flows from financing activities:		
Distributions to member	(1,619,950)	(674,942)
Net cash used in financing activities	<u>(1,619,950)</u>	<u>(674,942)</u>
Net change in cash and cash equivalents	(96,317)	(87,318)
Cash and cash equivalents at beginning of period	187,077	274,395
Cash and cash equivalents at end of period	<u>\$ 90,760</u>	<u>\$ 187,077</u>
Cash paid for interest	<u>\$ 100</u>	<u>\$ 1,041</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC

Notes to the financial statements December 31, 2019

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

OE Franchise, LLC (the "Company") was formed on May 15, 2012 in the State of Colorado as a limited liability company for the principle purpose of conducting franchise sales, marketing and management. The Company is a franchisor offering franchises for the establishment, development, and operation of an office evolution® business that provides virtual office services including live answering service and call management with executive suites, dedicated offices, temporary offices, conference and training rooms, business center locations and other products and services authorized by the Company. It has developed a distinct business system (the "System"), which includes the Company's methods and procedures for establishing and operating office evolution® franchises.

The Company's parent is Boulder Office Partners, LLC, a Colorado limited liability company. The Company also has an affiliate, OE Colorado, LLC, a Colorado limited liability company. The affiliate operates office evolution® businesses similar to the type the Company is franchising.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

(d) Reclassification

Certain items in the prior year have been reclassified to conform to the current year's presentation.

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions.

(f) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and upon provision/shipment and invoicing of services or materials from the Company's offices. Accounts receivable are recorded at the invoiced amount and do not bear interest although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company

OE FRANCHISE, LLC

Notes to the financial statements December 31, 2019

determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. The allowance for doubtful accounts was \$31,276 and \$22,065 as of December 31, 2019 and 2018.

(g) Intangible Assets

The Company has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. Franchise development costs were amortized over a period of three years using the straight-line method.

Intangible assets consist of website design costs and are amortized over five years using the straight-line method.

(h) Property and Equipment

Property and equipment are stated at historical cost and are depreciated using the straight-line method over the estimated useful lives of related assets. Expenditures for major improvements are capitalized; expenditures for maintenance, repairs and minor improvements are charged to expense as incurred. Upon the sale or retirement of property and equipment, any gain or loss on disposition is reflected in results of operations (in other income (expense)), and the related asset cost and accumulated depreciation or amortization are removed from the respective accounts.

(i) Revenue Recognition

The Company's revenues consist of fees from franchisees such as initial fees, royalties, renewal fees, transfer fees and proceeds from the sale of services. The franchise agreements offered under the Company's Uniform Franchise Disclosure Document have a term of ten years. The initial franchise fee is \$45,000 for a single territory franchise. If a franchisee decides to develop more than one territory, the franchisee signs an Area Development Agreement and pays a multi-unit development fee based upon the number of territories the franchisee is agreeing to develop.

The franchisees are required to pay the Company a monthly royalty fee of 7.5% of net billings. Advertising fund contributions (national brand development funds) of 2% or 3% of net billings per month is also required by franchisees. Franchisees also pay monthly technology license costs, a monthly call center allocation, and member set-up fees.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company adopted the new standard as of January 1, 2019, the first day of the Company's fiscal year using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. The cumulative adjustment recorded upon adoption of ASC 606 resulted in an increase to beginning retained earnings of \$234,258, a decrease in deferred commissions of \$390,940 and a decrease in deferred revenue of \$625,198. The

OE FRANCHISE, LLC

Notes to the financial statements December 31, 2019

implementation of ASC 606 also results in a decrease in the franchise sale fee revenue and commission expenses included in selling, general and administrative expenses. Under previous revenue recognition guidance, franchise sales revenue and commissions expenses would have been \$290,557 and \$190,706 more, respectively. Net income would have also been higher by \$99,851.

As part of the adoption of the ASU, the Company elected the following transition practical expedients: to apply the standard only to contracts that are not completed at the initial date of application.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The standard does not impact the Company's recognition of royalties and advertising fund contributions from locations operated by a franchisee, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. It also does not impact the Company's recognition of technology license costs, call center allocations, and set-up fees as those fees are based on usage and recognized when usage occurs. The standard does change the timing for recognition of the Company's initial franchise fees. The Company's policy through December 31, 2018 was to recognize initial fees when significant obligations under the franchise agreements were considered substantially performed. Significant obligations were considered substantially performed at the time the franchise office commenced operations. Beginning in January 2019, a portion of the initial franchise fees have been recognized as the Company satisfies the franchise right performance obligation over the franchise term, which is generally 10 years.

The allocation of the initial franchise fee is to treat the distinct site selection, design and project management performance obligation and the training performance obligation as having stand-alone selling price basis values of \$34,875 and \$6,248, respectively. The allocation of the initial franchise fee to the franchise right performance obligation is to take the total price of the upfront fees paid and then subtract the total of the stand-alone selling price basis values for the distinct performance obligations above from the total.

For performance obligations related to the franchise right, control transfers to the customer evenly over the time period of the contract. For performance obligations related to non-brand specific site selection, design and project management, and training control transfers to the customer at a point in time upon completion of services. Management has determined that a reasonable and conservative methodology for identifying the point in time that the non-brand specific site selection, design and project management and training performance obligations are met is to recognize 8.3% each month for a year following the month that the franchise agreement is signed.

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2019:

	2019
Performance obligations satisfied over time	\$ 187,136
Performance obligations satisfied at a point in time	616,224
Total net franchise sales	<u>\$ 803,360</u>

(j) Income Taxes

The entity is structured as a limited liability company under the laws of the state of Colorado and is taxed as a disregarded entity for income tax purposes. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing

OE FRANCHISE, LLC

Notes to the financial statements December 31, 2019

authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

(k) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2019 and 2018 were \$360,147 and \$208,551, respectively.

(l) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(m) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Prepaid Expenses

Prepaid expenses consist primarily of insurance premiums and convention registration fees. The insurance premiums are amortized over the life of the policy.

(3) Deposits

Deposits consist of collateral deposits for franchisor surety bonds required for franchisor registration in the states of IL and WA.

(4) Related Party Transactions

On December 31, 2018, the parent company entered into a promissory note agreement with the Company to repay \$1,200,000 the Company has advanced to cover operating costs of the parent company. The note is to be paid in monthly installments of \$21,070 for sixty months with an annual interest rate of 2.07%. As of December 31, 2018, the current portion of the note was \$230,177. As of December 31, 2019, the balance remaining is \$969,495 of which \$234,987 is current.

As of the years ended December 31, 2019 and 2018, the Company had receivables from its parent company for cash advanced to cover operating costs of \$63,286 and \$55,978, respectively. At December 31, 2019 and 2018 the Company was also owed from related parties other than the parent \$37,109 and \$8,184, respectively. These amounts are due on demand, bear no interest and have no repayment terms.

The parent company provides many resources to the Company including employee resources. Management allocates a percentage of the parent company's overhead and expenses for these resources to the Company. The overhead allocation is based on percentage of labor hours. Other expense allocations are based on the number of locations open each month. The Company reimburses the parent company for the expenses allocated. The allocations made are at the discretion of Management.

OE FRANCHISE, LLC

Notes to the financial statements December 31, 2019

During 2019 the Company's affiliate paid advertising fund contributions, technology license costs, call center allocations, and set-up fees to the Company for resources the businesses it operates use. Revenues from the affiliate were \$235,550. As of December 31, 2019, accounts receivable due from the affiliate were \$178,583.

(5) Property and Equipment

Equipment consists of the following at December 31:

	2019	2018
Computer equipment	\$ 5,488	\$ 5,488
Leasehold improvements	4,612	1,501
Software	12,110	10,500
Less accumulated depreciation	<u>(17,517)</u>	<u>(15,282)</u>
	<u>\$ 4,693</u>	<u>\$ 2,207</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$2,235 and \$3,311, respectively.

(6) Intangible Assets

Intangible assets consist of the following at December 31:

	2019	2018
Franchise organizational assets	\$ 106,818	\$ 106,818
Websites	70,000	45,000
Less accumulated amortization	<u>(139,318)</u>	<u>(127,818)</u>
	<u>\$ 37,500</u>	<u>\$ 24,000</u>

Amortization expense for the years ended December 31, 2019 and 2018 was \$11,500 and \$9,000, respectively. Estimated amortization expense is \$14,000 for 2020, \$11,000 for 2021, \$5,000 for 2022 and 2023 and \$2,500 for 2024.

(7) Deferred Commissions and Revenue

During the year ended December 31, 2018, the Company sold several units for a total of \$471,500. Although the cash proceeds from these sales had been received, the Company determined that as of December 31, 2018, it had not performed all of its significant obligations under the franchise agreements, and accordingly, in accordance with its previous revenue recognition policy, elected to defer the franchise unit revenue and associated commissions until such time as it had performed its obligations. There were also several 2017, 2016, and 2015 unit sales totaling \$1,020,000, \$547,000, and \$221,000, respectively for which the Company had not yet performed all of its significant obligations under the franchise agreements as of December 31, 2018. Associated commissions for all deferred sales as of December 31, 2018 were \$836,500. Had the Company completed its obligations relative to the 2018 sales, and recognized the associated revenue and expense, net operating results for 2018 would have increased \$331,500.

Deferred revenue as of December 31, 2019 in accordance with the Company's new revenue policy is \$1,924,859, \$601,867 of which is current. Associated deferred commissions are \$636,295. The current portion of deferred commissions is \$228,822.

OE FRANCHISE, LLC

Notes to the financial statements December 31, 2019

(8) Franchise Activity

During the years ended December 31, 2019 and 2018, the Company sold 22 and 15 franchise units, respectively.

(9) Subsequent Event

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

(10) Commitments and Contingencies

(a) Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(b) Guaranty of Franchisee Leases

The Company has agreed to serve as a back-up guarantor on the leases for three of its franchisees. The leases have terms of 70, 62 and 90 months and total future minimum lease payments of \$2,081,228, \$317,670 and \$1,541,163, respectively. In consideration of these guarantees, the franchisees have agreed to pay the Company 1% of the outstanding lease guaranty balance at the end of each quarter.

(11) Date of Management’s Evaluation

Management has reviewed and evaluated subsequent events through March XX, 2020, the date on which the financial statements were issued.

OE FRANCHISE, LLC
Financial Statements
with Report of Independent Auditors
December 31, 2018



OE FRANCHISE, LLC

Table of Contents

	<u>Page</u>
Independent auditors' report.....	3
Balance sheets	4
Statements of operations	5
Statements of member's equity (deficit).....	6
Statements of cash flows.....	7
Notes to the financial statements	8



Independent Auditors' Report

To the Member
OE Franchise, LLC

We have audited the accompanying financial statements of OE Franchise, LLC, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OE Franchise, LLC as of December 31, 2018 and 2017, 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.

Kezos & Dunlavy

St. George, Utah
March, 12, 2019

OE FRANCHISE, LLC
Balance Sheets
As of December 31, 2018 and 2017

Assets	2018	2017
Current assets:		
Cash and cash equivalents	\$ 187,077	\$ 184,335
Cash and cash equivalents, restricted	-	90,060
Accounts receivable, net of allowance for doubtful accounts of \$22,065 and \$0 as December 31, 2018 and 2017, respectively	197,774	110,694
Prepaid expenses	11,168	14,031
Deposits	37,500	60,625
Note receivable	6,000	16,000
Related party receivables	85,208	1,195,837
Related party note receivable current portion	230,177	-
Deferred commission expense	836,500	1,028,500
Total current assets	1,591,404	2,700,082
Related party note receivable	969,823	-
Intangible assets, net	24,000	33,000
Property and equipment, net	2,207	4,020
Total assets	<u>\$ 2,587,434</u>	<u>\$ 2,737,102</u>
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	\$ 17,350	\$ 65,516
Accrued expenses	11,842	-
Credit card payable	5,930	12,198
Deferred revenue	2,259,500	2,528,000
Total liabilities	2,294,622	2,605,714
Member's equity:		
Accumulated member's equity	292,812	131,388
Total member's equity	292,812	131,388
Total liabilities and member's equity	<u>\$ 2,587,434</u>	<u>\$ 2,737,102</u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
Statements of Operations
For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue:		
Franchise sales	\$ 734,500	\$ 285,000
Royalty income	842,785	494,824
Management fees	282,000	312,500
Advertising fund	337,001	133,628
Other franchise revenue	610,224	331,402
Total revenue	<u>2,806,510</u>	<u>1,557,354</u>
Operating expenses:		
General and administrative expenses	1,284,463	948,603
Professional fees	71,278	39,540
Marketing expenses	601,051	359,930
Depreciation and amortization	12,311	13,693
Total operating expenses	<u>1,969,103</u>	<u>1,361,766</u>
Operating income	<u>837,407</u>	<u>195,588</u>
Other income (expense)		
Interest income	-	60
Interest expense	(1,041)	(1,690)
Net income	<u>\$ 836,366</u>	<u>\$ 193,958</u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
Statements of Member's Equity (Deficit)
For the years ended December 31, 2018 and 2017

	Accumulated Member's Equity (Deficit)	Total Member's Equity (Deficit)
Balances at December 31, 2016	\$ (62,570)	\$ (62,570)
Net income	193,958	193,958
Balances at December 31, 2017	131,388	131,388
Member distributions	(674,942)	(674,942)
Net income	836,366	836,366
Balances at December 31, 2018	<u>\$ 292,812</u>	<u>\$ 292,812</u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
Statements of Cash Flows
For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net income	\$ 836,366	\$ 193,958
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	12,311	13,693
Changes in operating assets and liabilities:		
Accounts receivable	(87,080)	(65,141)
Deferred commission expense	192,000	(494,500)
Prepaid expenses	2,863	(4,524)
Deposits	23,125	(60,625)
Note receivable	10,000	-
Related party receivables	1,110,629	(695,287)
Accounts payable	(48,166)	24,599
Accrued expenses	11,842	-
Credit card payable	(6,268)	11,812
Deferred revenue	(268,500)	1,255,000
Net cash provided by operating activities	<u>1,789,122</u>	<u>178,985</u>
Cash flows from investing activities:		
Purchase of equipment	(1,498)	-
Related part note receivable	(1,200,000)	-
Net cash used in investing activities	<u>(1,201,498)</u>	<u>-</u>
Cash flows from financing activities:		
Related party loans	-	(41,792)
Distributions to member	(674,942)	-
Net cash used in financing activities	<u>(674,942)</u>	<u>(41,792)</u>
Net change in cash and cash equivalents	(87,318)	137,193
Cash and cash equivalents at beginning of period	274,395	137,202
Cash and cash equivalents at end of period	<u>\$ 187,077</u>	<u>\$ 274,395</u>
Cash paid for interest	<u>\$ 1,041</u>	<u>\$ 1,690</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2018

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

OE Franchise, LLC (the "Company") was formed on May 15, 2012 in the State of Colorado as a limited liability company for the principle purpose of conducting franchise sales, marketing and management. The Company is a franchisor offering franchises for the establishment, development, and operation of an office evolution® business that provides virtual office services including live answering service and call management with executive suites, dedicated offices, temporary offices, conference and training rooms, business center locations and other products and services authorized by the Company. It has developed a distinct business system (the "System"), which includes the Company's methods and procedures for establishing and operating office evolution® franchises.

The Company's parent is Boulder Office Partners, LLC, a Colorado limited liability company. The Company also has an affiliate, OE Colorado, LLC, a Colorado limited liability company. The affiliate operates office evolution® businesses similar to the type the Company is franchising.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the Utah States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

(d) Reclassification

Certain items in the prior year have been reclassified to conform to the current year's presentation.

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions.

(f) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and upon provision/shipment and invoicing of services or materials from the Company's offices. Accounts receivable are recorded at the invoiced amount and do not bear interest although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2018

determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. The allowance for doubtful accounts was \$22,065 as of December 31, 2018. The Company concluded that all receivables were fully collectible as of December 31, 2017 and consequently no allowance for doubtful accounts was established as of December 31, 2017.

(g) Intangible Assets

The Company has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. Franchise development costs were amortized over a period of three years using the straight-line method.

Intangible assets consist of website design costs and are amortized over five years using the straight-line method.

(h) Property and Equipment

Property and equipment are stated at historical cost and are depreciated using the straight-line method over the estimated useful lives of related assets. Expenditures for major improvements are capitalized; expenditures for maintenance, repairs and minor improvements are charged to expense as incurred. Upon the sale or retirement of property and equipment, any gain or loss on disposition is reflected in results of operations (in other income (expense)), and the related asset cost and accumulated depreciation or amortization are removed from the respective accounts.

(i) Revenue Recognition

The Company's revenues consist of fees from franchisees such as initial fees, royalties, renewal fees, transfer fees and proceeds from the sale of services. The franchise agreements offered under the Company's Uniform Franchise Disclosure Document have a term of ten years. The initial franchise fee is \$35,900 for a single territory franchise. If a franchisee decides to develop more than one territory, the franchisee signs an Area Development Agreement and pays a multi-unit development fee based upon the number of territories the franchisee is agreeing to develop. The franchise sale is recognized as revenue when the Company has performed substantially all initial services required by the franchise agreement. Those initial services are generally considered substantially performed when the franchisee has opened for business. The renewal fee is \$5,000 and is recognized as revenue when a renewal agreement with the franchisee becomes effective.

For franchise offices that have not opened for business as of the end of a reporting period, the portion of the initial franchise fee, net of direct costs recognized related to commissions and fees paid is deferred until the office has opened.

The franchisees are required to pay the Company a monthly royalty fee of 7.5% of gross billings. Advertising fund contributions (national brand development funds) of 2% or 3% of gross billings per month is also required by franchisees. Franchisees also pay a monthly technology license costs, a monthly call center allocation, and member set-up fees. Royalty revenue, advertising fund contributions, technology license costs, call center allocations, and set-up fees are recognized in the period earned.

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2018

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which amends the existing accounting standards for revenue recognition. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The effective date of ASU 2014-09 for nonpublic entities is fiscal years beginning after December 15, 2018.

This new revenue guidance supersedes nearly all of the existing general revenue recognition guidance under U.S. GAAP as well as most industry-specific revenue recognition guidance, including guidance with respect to revenue recognition by franchisors. The Company believes the recognition of the majority of its revenues, including franchise royalty revenues, will not be affected by the new guidance. Recognition of initial fees will be affected as a portion of initial fees will be deferred and recognized over the term of the franchise agreements.

(j) Income Taxes

The entity is structured as a limited liability company under the laws of the state of Colorado and is taxed as a disregarded entity for income tax purposes. Accordingly, the income or loss of the Company will be included in the income tax return of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. The Company was organized and began operations in 2012, accordingly as of December 31, 2018, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return Filed in 2018</u>
Federal	2015 – 2017	2017
Colorado	2015 – 2017	2017

(k) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2018 and 2017 were \$208,551 and \$213,930 respectively.

(l) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(m) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2018

(2) Cash and Cash Equivalents, Restricted

In January 2018, a 2017 multi-unit franchise agreement was terminated and the franchisee entered into a new franchise agreement for a single unit instead. Cash proceeds received from the multi-unit sale, the initial fee of \$75,000 and associated management fee of \$15,000, were impounded in an escrow account in 2017 until the multi-unit agreement was terminated in January 2018. Thus, they were classified as cash and cash equivalents, restricted and deferred revenue as of December 31, 2017. The funds held in escrow were released and disbursed to the franchisee on January 30, 2018.

(3) Deposits

Deposits consist of collateral deposits for franchisor surety bonds required for franchisor registration in the states of IL and WA.

(4) Related Party Transactions

On December 31, 2018, the parent company entered into a promissory note agreement with the Company to repay \$1,200,000 the Company has advanced to cover operating costs of the parent company. The note is to be paid in monthly installments of \$21,070 for sixty months with an annual interest rate of 2.07%. As of December 31, 2018, the current portion of the note was \$230,177.

As of the years ended December 31, 2018 and 2017, the Company had receivables from its parent company for cash advanced to cover operating costs of \$55,978 and \$1,063,403, respectively. At December 31, 2018 and 2017 the Company was also owed from related parties other than the parent \$8,184 and \$132,434, respectively. These amounts are due on demand, bear no interest and have no repayment terms.

The parent company provides many resources to the Company including employee resources. Management allocates a percentage of the parent company's overhead and expenses for these resources to the Company. The overhead allocation is based on percentage of labor hours. Other expense allocations are based on the number of locations open each month. The Company reimburses the parent company for the expenses allocated. The allocations made are at the discretion of Management.

The Company's affiliate pays royalties, advertising fund contributions, technology license costs, call center allocations, and set-up fees to the Company for resources the businesses it operates use. Revenues from the affiliate were \$227,501 and \$165,781 for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017 accounts receivable due from the affiliate were \$21,046 and \$16,294, respectively.

(5) Property and Equipment

Equipment consists of the following at December 31:

	2018	2017
Computer equipment	\$ 5,488	\$ 3,990
Leasehold improvements	1,501	1,501
Software	10,500	10,500
Less accumulated depreciation	(15,282)	(11,971)
	<u>\$ 2,207</u>	<u>\$ 4,020</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$3,311 and \$4,318, respectively.

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2018

(6) Intangible Assets

	2018	2017
Franchise organizational assets	\$ 106,818	\$ 106,818
Websites	45,000	45,000
Less accumulated amortization	(127,818)	(118,818)
	<u>\$ 24,000</u>	<u>\$ 33,000</u>

Amortization expense for the years ended December 31, 2018 and 2017 was \$9,000 and \$9,375, respectively. Estimated amortization expense is \$9,000 for the years 2019 and 2020 and \$6,000 for 2021.

(7) Deferred Commissions and Revenue

During the year ended December 31, 2018, the Company sold several units for a total of \$471,500. Although the cash proceeds from these sales had been received, the Company determined that as of December 31, 2018, it had not performed all of its significant obligations under the franchise agreements, and accordingly, in accordance with its revenue recognition policy, elected to defer the franchise unit revenue and associated commissions until such time as it had performed its obligations. There were also several 2017, 2016, and 2015 unit sales totaling \$1,020,000, \$547,000, and \$221,000 respectively for which the Company had not yet performed all of its significant obligations under the franchise agreements as of December 31, 2018. Associated commissions for all deferred sales as of December 31, 2017 were \$836,500. Had the Company completed its obligations relative to the 2018 sales, and recognized the associated revenue and expense, net operating results for the year would have increased \$331,500.

(8) Franchise Activity

During the years ended December 31, 2018 and 2017, the Company sold 15 and 60 franchise units, respectively.

(9) Commitments and Contingencies

(a) Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(b) Guaranty of Franchisee Leases

The Company has agreed to serve as a back-up guarantor on the leases for two of its franchisees. The leases have terms of 62 and 90 months and total minimum rent payments of \$617,061 and \$2,054,884, respectively. In consideration of these guarantees, the franchisees have agreed to pay the Company fees of \$6,000 and \$8,000 respectively.

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2018

(10) Date of Management's Evaluation

Management has reviewed and evaluated subsequent events through the date on which the financial statements were issued.

EXHIBIT C



FRANCHISE AGREEMENT

EXHIBIT C



OE FRANCHISE, LLC
FRANCHISE AGREEMENT

FRANCHISEE

DATE OF AGREEMENT

FRANCHISE AGREEMENT # _____

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
1. DEFINITIONS.....	1
2. GRANT OF FRANCHISE	3
3. FRANCHISEE REPRESENTATIONS AND OBLIGATIONS	6
4. SITE SELECTION	8
5. DEVELOPMENT OF BUSINESS CENTER AND OPENING OF FRANCHISE	10
6. TRAINING AND OPERATING ASSISTANCE	12
7. INTELLECTUAL PROPERTY	15
8. OEF’S OBLIGATIONS.....	18
9. CONFIDENTIAL INFORMATION	19
10. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION	20
11. INITIAL FRANCHISE FEES	22
12. OTHER FEES	23
13. IMAGE AND OPERATING STANDARDS	27
14. INSURANCE.....	32
15. MARKETING	33
16. RECORDS AND REPORTS.....	37
17. INSPECTION AND AUDITS.....	38
18. TRANSFER OF INTEREST	39
19. RENEWAL OF FRANCHISE.....	43
20. TERMINATION.....	46
21. POST-TERMINATION AND POST-EXPIRATION; OEF’S RIGHT TO PURCHASE ASSETS	48
22. COVENANTS	51
23. MEDIATION.....	53
24. ENFORCEMENT	53
25. NOTICES AND PAYMENTS	58
26. COMPLIANCE WITH ANTI-TERRORISM LAWS	59
27. CAVEAT	59
28. MISCELLANEOUS	60

ATTACHMENTS:

ATTACHMENT A	FRANCHISE DATA SHEET
ATTACHMENT B	OWNERS AGREEMENT
ATTACHMENT C	STATEMENT OF OWNERSHIP INTEREST AND PRINCIPALS

OFFICE EVOLUTION
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made effective as of the effective date set forth in Attachment A (“Effective Date”), by and between OE FRANCHISE, LLC, a Colorado limited liability company, with its principal office at 357 McCaslin Blvd, Suite 200, Louisville, CO 80027 (“OEF”, “Franchisor,” “we,” “us,” or “our”) and the franchise owner set forth in Attachment A (“Franchisee,” “you” or “your”).

WITNESSETH:

WHEREAS, as the result of expenditure, time, skill, effort and expense, OEF and its Affiliates (as defined in Section 1.A.) have created a distinct proprietary system for the establishment, development and operation of a franchise that provides virtual office services including live answering service and telephone call management with executive suites, temporary office use, conference and training room use, co-working/drop in work space, business center locations and other products and services authorized by OEF (“Office Evolution franchise(s)”);

WHEREAS, OEF has the right to grant others the right and license to use the System (as defined in Section 1.K.) and the Marks (as defined below), and through this Agreement grants the right and license to Franchisee to use the System and the Marks;

WHEREAS, OEF identifies the System and licenses the use of certain trade names, service marks, trademarks, emblems and indicia of origin, including the mark Office Evolution and other trade names, service marks, trademarks, logos and designs as are now designated (and may hereafter be designated by OEF in writing) for use with the System (“Marks”);

WHEREAS, OEF and its Affiliates intend to develop, use and control the use of the Marks to identify for the public the source of services and products marketed under the System and the System’s high standards of quality, identity and service;

WHEREAS, Franchisee understands and acknowledges the importance of OEF’s high standards of quality, cleanliness and service and the necessity of operating the Franchise (as defined below in Section 1.E.) in conformity with OEF’s standards and specifications; and

WHEREAS, Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted at an Office Evolution franchise may evolve over time, that an investment in an Office Evolution franchise involves business risks and that the success of the venture is largely dependent on Franchisee’s business abilities and efforts.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments of each party set forth herein, agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the terms listed below have the following meanings. Other terms used in this Agreement are defined and construed in the context in which they occur.

A. AFFILIATE

“Affiliate” of a named person or entity means any person or entity that is controlled by, controlling, or under common control with, the named person or entity.

B. AREA DEVELOPMENT AGREEMENT

“Area Development Agreement” means, to the extent applicable, between Franchisee or its Affiliate (as Developer) and OEF to develop multiple Office Evolution franchises within a specified protected search area, as defined in the Area Development Agreement.

C. BUSINESS CENTER

“Business Center” shall mean the location specified in Attachment A-1 where the Franchise shall be operated.

D. BUSINESS CENTER MANAGER

“Business Center Manager” shall mean the individual who Franchisee designates and has satisfied our business criteria and successfully completed our training, and who is primarily responsible for the direct, day-to-day, full-time supervision. OEF may require that Franchisee use the recruitment services of an industry expert for the hiring of the Business Center Manager.

E. COMPETITIVE BUSINESS

“Competitive Business” means any virtual office business which offers and sells products or services offered and sold by Office Evolution franchises or any business which looks like, copies, imitates, or operates in a manner similar to an Office Evolution franchise but does not apply to: (1) the ownership or operation of Office Evolution franchises by or pursuant to written agreements with, or written authorization from, OEF or its Affiliates; (2) the ownership of shares of a class of securities that are listed on a stock exchange or traded on the over-the-counter markets and that represent less than one percent (1%) of that class of securities; or (3) traditional office space ownership, management and leasing so long as the lease terms are in excess of one-year terms and the services provided to tenants do not involve virtual office services.

F. CONFIDENTIAL INFORMATION

“Confidential Information” means all information relating to the establishment and operation of Office Evolution franchises, including, without limitation: (1) the Specifications, including equipment, product, and supplier standards and specifications; (2) marketing plans; (3) research, development and test programs for products, services and operations; (4) contents of the Franchise Operations Manual; (5) knowledge of the operating and financial results of Office Evolution franchises other than the Franchise; (6) computer programs and systems, (7) customer and vendor lists, including contact information and payments and other information; and (8) the System and any improvements to the System.

G. FRANCHISE

“Franchise” means the Office Evolution franchise that OEF grants Franchisee the right to own and operate at the Business Center on the terms and conditions set forth in this Agreement.

H. FRANCHISE OPERATIONS MANUAL

“Franchise Operations Manual” means any and all handbooks, manuals, or other materials whether written or electronic, that OEF grants access to Franchisee during the term of this Agreement which contain Specifications, suggestions or recommendations for the operation of the Franchise and other related information.

I. INTELLECTUAL PROPERTY

“Intellectual Property” means collectively or individually, our Marks and Confidential Information.

J. PRINCIPALS

“Principal(s)” means collectively and individually: (1) Franchisee’s spouse, if Franchisee is not an entity; (2) any officer or director of Franchisee, if Franchisee is a corporation (including the officers and directors of any general partner of Franchisee); (3) any managing member or manager if Franchisee is a limited liability company; and (4) any person or entity directly owning and/or controlling 10% or more of the outstanding equity interests of Franchisee. The initial Principals shall be listed in Attachment C. If Franchisee is an entity, each person holding an interest in Franchisee must sign the Owners Agreement in Attachment B.

K. PROTECTED SEARCH AREA

“Protected Search Area” shall mean the temporary protected geographic search area set forth in Attachment A.

L. PROTECTED TERRITORY

“Protected Territory” shall mean the geographic area set forth in Attachment A-1.

M. SPECIFICATIONS

“Specifications” shall mean the standards, requirements, operating procedures and specifications promulgated from time to time by OEF for any aspect of owning, developing and operating the Franchise.

N. SYSTEM

“System” means the comprehensive methods and procedures for the establishment, management and operation of Office Evolution franchises, including Confidential Information, the Franchise Operations Manual, the Marks and other business standards and policies, the distinguishing characteristics of which include, without limitation: the Specifications; quality and uniformity of the products and service offered; procedures for inventory, management and financial controls; training and assistance; and marketing programs; all of which OEF may change, improve, further develop or modify throughout the term of this Agreement.

2. GRANT OF FRANCHISE

A. In reliance upon the representations and warranties of Franchisee, OEF hereby grants to Franchisee, subject to the provisions contained in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation, to own and operate the Franchise utilizing the System and the Marks at and only at the Business Center. During the term of this Agreement, provided Franchisee is in compliance

with the provisions herein and subject to the Retained Rights (defined below), OEF will not establish or authorize another person to establish an Office Evolution franchise within the Protected Search Area, while in effect, or within the Protected Territory, once designated. Depending on the area, Franchisee's Protected Territory may overlap with another Office Evolution franchisee's protected territory, but only one business center will be located in each protected territory. Franchisee acknowledges that the Protected Search Area may already include existing Office Evolution franchise, and that Franchisee may not establish a Franchise that infringes on the territorial rights of existing Office Evolution franchises. The operation of the Franchise at the Business Center by Franchisee is restricted to sales of the products and services approved by OEF. In addition to operating the Franchise, Franchisee may operate an unaffiliated business that is not a Competitive Business so long as (1) OEF approves such business as being compatible with the operation of the Franchise and (2) Franchisee operates the Franchise in compliance with this Agreement and the Franchise Operations Manual. Subject to the renewal and termination provisions in this Agreement, the term of this Franchise Agreement is for ten years, commencing on the effective date of this Agreement.

B. Franchisee understands and acknowledges that OEF has granted these rights in reliance on the representations and warranties, the business skill, financial capability, personal character and expectations of performance by Franchisee and the Principals. This Agreement, and the rights and obligations set forth in this Agreement, may not be transferred by Franchisee until after the Franchise is open for business and then, only in accordance with Section 18 of this Agreement.

C. Upon signing this Agreement, OEF will grant Franchisee the temporary Protected Search Area set forth in Attachment A in which to exclusively search for a location for the Business Center. Provided Franchisee is in compliance with the terms of this Agreement and subject to the Retained Rights (defined below), OEF will not open or operate or authorize another person to open or operate an Office Evolution franchise within the Protected Search Area while the Protected Search Area remains in effect. Franchisee must identify and obtain OEF's approval of a location for the Business Center and execute a lease, purchase agreement or other binding contract for a location for the Business Center on or before the date set forth in Section 7 of Attachment A ("Development Schedule"), which you and we will agree to prior to signing this Agreement. Upon Franchisee's failure to adhere to the Development Schedule, Franchisee will lose the exclusive right to search for a location for its Business Center granted for the Protected Search Area and it will constitute a material event of default under this Agreement for which OEF may, among other things: (i) terminate this Agreement per Section 20; (ii) reduce the area of the Protected Search Area; (iii) permit Franchisee to extend the Development Schedule; or (iv) pursue any other remedy OEF may have at law or in equity, including but not limited to, a lawsuit for non-performance. The Protected Search Area shall terminate upon the execution of a lease or otherwise securing of a location, approved by OEF, for Franchisee's Business Center, at which time the Protected Search Area shall expire and be of no further force and effect. Once approved by OEF, the Business Center and the Protected Territory shall be listed in Attachment A-1, which shall be executed by OEF and Franchisee. If the location for the Business Center is approved by OEF at the time this Agreement is entered into, Franchisee shall not receive the temporary Protected Search Area, but shall receive the Protected Territory.

D. Notwithstanding the above, OEF (on behalf of itself and its Affiliates) retains the right ("Retained Rights"), in its sole discretion and without granting any rights to Franchisee:

(1) to operate (on its own or through one or more of its Affiliates), or to grant other persons the right to operate, Office Evolution franchises or businesses, at locations and on terms OEF deems appropriate outside the Protected Search Area while in effect, and outside the Protected Territory once established;

(2) to offer and sell the products and services authorized for Office Evolution franchises inside and outside the Protected Search Area while in effect, and inside and outside the Protected

Territory once established, through electronic or digital means such as the Internet and by websites established by OEF and through telemarketing, direct marketing and other distribution methods;

(3) to own or operate (on its own or through one or more of its Affiliates), or to grant others the right to own or operate, other business concepts that do not use the Marks or that use the Marks for services and products not offered by Office Evolution franchises within and outside the Protected Search Area or Protected Territory as applicable;

(4) to acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Office Evolution franchises (each an “Acquired Business”), and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within the Protected Search Area, if applicable, and/or the Protected Territory, if established, in which case OEF may require these businesses to use the Marks; and

(5) to be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at an Office Evolution franchise, even if such business operates, franchises and/or licenses competitive businesses within the Protected Search Area and/or the Protected Territory.

In the event that OEF offers and sells products and services (per (2) and (3) above), OEF will not pay Franchisee any compensation for OEF’s solicitation and acceptance of such sales within Franchisee’s Protected Search Area(s) while in effect and/or Protected Territory once established.

In the event that OEF acquires an Acquired Business (pursuant to (4) above) that provides products or services similar to those provided by Franchisee:

a. OEF will not locate or allow to be located any newly developed Office Evolution physical locations in Franchisee’s Protected Search Area(s), while in effect, or within the Franchisee’s Protected Territory once established; and

b. OEF may convert an Acquired Business that is located in the Franchisee’s Protected Search Area or within the Franchisee’s Protected Territory once established, to an Office Evolution location to be operated by OEF, its Affiliate, or to an Office Evolution franchise that may be operated by a franchisee. In order to do so, OEF will give Franchisee the first option to purchase such the Acquired Business prior to such conversion, as follows: (i) OEF will give Franchisee written notice of OEF’s purchase of an Acquired Business and the terms and conditions and other important information about Franchisee’s option to purchase and the purchase price for the Acquired Business (Franchisee agrees that the purchase price shall be equal to the price OEF paid for the Acquired Business or, in the event OEF acquired multiple businesses, the purchase price shall be a ratio equal to the Net Billings during the Acquired Business’s prior year compared to the Net Billings during all Acquired Businesses’ prior year that OEF purchased in the same transaction); (ii) Franchisee shall have 30 days from the receipt of OEF’s notice in order to determine whether it wishes to exercise its first right to purchase the Acquired Business by advising OEF of the same in writing and (iii) if Franchisee provides such notice to OEF, then Franchisee will have a total of 180 days to complete the purchase from the date of OEF’s initial notice and Franchisee must sign OEF’s then-current form of franchise agreement if Franchisee purchases the Acquired Business and pay all required initial and ongoing fees, provided that Franchisee shall not be required to pay an initial franchise fee. If Franchisee chooses not to purchase the Acquired Business, does not provide notice within 30 days to OEF of its intent to purchase the Acquired Business or fails to complete the purchase of the Acquired Business within 180 days after OEF notifies Franchisee in accordance with this Section, then OEF, its Affiliate, or a third party licensee or franchisee may operate the Acquired Business as an Office

Evolution business and using the Marks in the Franchisee's Protected Search Area or within the Franchisee's Protected Territory once established. Notwithstanding the foregoing, OEF is not required to give notice to Franchisee prior to converting the Acquired Business to an Office Evolution location or franchise if, at the time OEF acquires the Acquired Business, Franchisee is not in compliance with any agreement with OEF.

E. Franchisees may also market to and solicit customers within another franchisee's protected territory in accordance with our advertising policies. These policies may change over time depending on such factors as the location and demographics of the Protected Territory and surrounding areas.

F. OEF shall have the right to designate national or regional client accounts and define what constitutes a national or regional account. Franchisee shall adhere to OEF's processes and procedures for marketing and selling to national and regional accounts. If a national or regional account requests products or services within the Protected Search Area or within the Protected Territory and requests that Franchisee fulfill those products and services, Franchisee shall have the right to provide the products or services requested at the contracted rate(s). If Franchisee declines to provide such products or services, OEF may allow one of its Affiliates or another franchisee to provide such products or services to such account.

3. FRANCHISEE REPRESENTATIONS AND OBLIGATIONS

A. Franchisee makes the following representations, warranties and covenants and accepts the following continuing obligations:

(1) If Franchisee is an entity, Franchisee represents, warrants and covenants that: (i) Franchisee is duly organized and validly existing under the state law of its formation; (ii) Franchisee is duly qualified and is authorized to do business in each jurisdiction which requires such qualification; and (iii) the execution and performance of this Agreement are within Franchisee's power and have been properly authorized under Franchisee's governing documents;

(2) If Franchisee is a corporation, copies of its articles of incorporation, bylaws, other governing documents and any amendments and resolutions of the Board of Directors authorizing entry into and performance of this Agreement, shall be promptly furnished to OEF; if Franchisee is a partnership, copies of Franchisee's written partnership agreement and other governing documents shall be promptly furnished to OEF; if Franchisee is a limited liability company, copies of Franchisee's organizational documents and operating agreement shall be promptly, furnished to OEF;

(3) If Franchisee is an entity, Franchisee shall maintain at all times a current list of all owners of record and all beneficial owners of any class of securities or other equity interests in Franchisee and shall provide OEF with a copy of any buy-sell agreement or other document restricting the sale of securities or other equity interests in Franchisee and shall provide any other related documents reasonably requested by OEF;

(4) If Franchisee is an entity, Franchisee shall maintain at all times a current list of all of its officers, directors, managers and partners, as applicable;

(5) If, after the execution of this Agreement, any person ceases to qualify as a Principal, or any person qualifies as a Principal after the date of this Agreement, Franchisee shall promptly notify OEF and that person shall execute any documents that OEF may reasonably require based on such person's change in status;

(6) If Franchisee is an entity, OEF shall have the right to require that Franchisee maintain stop-transfer instructions against the transfer of any equity security and any certificate of ownership shall have endorsed upon it a legend or other statement in a form satisfactory to OEF that it is held subject to all restrictions imposed upon transfers by this Agreement; provided, however, that this requirement shall not apply to a publicly held entity; if Franchisee is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to and that further assignment or transfer is subject to restrictions imposed on assignments by this Agreement; if Franchisee is a limited liability company, its articles of organization and operating agreement must provide that ownership interests are subject to restrictions on transfers imposed on assignments and other transfers by this Agreement; and

(7) Franchisee shall maintain, at all times throughout the term of this Agreement, sufficient working capital to fulfill its obligations under this Agreement.

B. The ownership interests in Franchisee as of the date hereof are accurately and completely set forth in Attachment C to this Agreement. Franchisee must immediately provide a copy of the updated list of owners to OEF upon the occurrence of any change of ownership and otherwise make its list of owners available to OEF upon request.

C. Upon OEF's request and at least annually, Franchisee must provide OEF with the most recent financial statements of Franchisee, which satisfy OEF's then-current financial reporting criteria for franchisees. The financial statements must present fairly the financial position of Franchisee, at the dates indicated and the results of its operations and its cash flow for the period then ended.

D. Franchisee acknowledges and agrees that the representations, warranties and covenants set forth in this Section 3 are continuing obligations, as applicable, and that any failure to comply with those representations, warranties and covenants shall constitute a material default under this Agreement.

E. Upon execution of this Agreement, if Franchisee is a legal entity, Franchisee must designate an individual, who is approved by OEF, to serve as the person who is fully authorized and designated to act on behalf of Franchisee with respect to all communications and other interactions between Franchisee and OEF ("Representative"). The Representative or a Business Center manager ("Business Center Manager") is responsible for the daily operation and management of the Franchise, and must: (1) devote full-time and use best efforts to the operation of the Franchise; (2) not engage in any other business or other activity that requires any significant management responsibility, time commitment, or otherwise may conflict with the obligation to operate and manage the Franchise; (3) successfully complete OEF's training programs; and (4) meet OEF's standards and criteria for a Representative as set forth in the Franchise Operations Manual or otherwise in writing by OEF. If, during the term of this Agreement, the Representative is not able to continue to serve in this capacity or no longer qualifies, Franchisee must promptly notify OEF and designate a replacement Representative within 30 days after the Representative ceases to serve or be so qualified. Any replacement Representative must be approved by OEF.

F. In seeking any individual to serve as an employee, Franchisee shall not discriminate illegally in any manner whatsoever against such individual.

G. In the operation of the Office Evolution franchise business, Franchisee will receive "Customer Data." "Customer Data" is information, records, lists or data that contains "Personal Information." "Personal Information" includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local statutes, regulations, ordinances and requirements, including but not

limited to, the California Consumer Privacy Act. Personal Information is collected, maintained or generated in the operation of the Lava Island franchise business, including through the use of a point of sale system.

Franchisee agrees, at its sole cost and expense, to at all times:

- (1) comply with the data protection, collection, maintenance and use requirements for Customer Data set out in the Operations Manual and this Franchise Agreement, including all policies, procedures and controls that Franchisor implements now or in the future;
- (2) comply with all applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act, relating to the data protection, collection, maintenance and use of Customer Data (collectively, “Privacy Laws”);
- (3) assist and otherwise cooperate with Franchisor to ensure Franchisor’s and Franchisee’s compliance with applicable Privacy Laws;
- (4) promptly notify Franchisor in writing of any Security Incident (defined below) that Franchisee becomes aware of or discovers. Franchisee will assist and otherwise cooperate with Franchisor to investigate any such Security Incident and will take all required steps, as determined by Franchisor, to remedy Franchisee’s noncompliance with applicable Privacy Laws, this Agreement or the Operations Manual. For purposes of this Section 7L, “Security Incident” means any actual or suspected accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to Customer Data in violation of applicable Privacy Laws, this Agreement or the Operations Manual.
- (5) promptly provide Franchisor with the ability to delete, access or copy Customer Data in Franchisee’s possession or control;
- (6) promptly notify Franchisor of any request regarding Customer Data received by the Franchisee from a “consumer” as defined by applicable Privacy Laws;
- (7) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that enable Franchisee to respond, and to cause its agents and employees to respond, promptly to any rights request made pursuant to applicable Privacy Laws, including any disclosure request, deletion request, or opt-out request;
- (8) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that limit access to Customer Data to only those employees that have a need-to-know basis based on specific job function or role. Franchisee will provide data privacy and security training to employees who have access to Customer Data or who operate or have access to system controls and will require employees to adhere to data confidentiality terms providing for the protection of Customer Data in accordance with this Agreement and the Operations Manual; and
- (9) maintain Customer Data in confidence in accordance with Section 6 of this Franchise Agreement.

4. SITE SELECTION

A. Site selection is addressed by this Agreement, and to the extent applicable, the Area Development Agreement. In the event of a conflict between the terms of this Agreement and the Area Development Agreement, if applicable, the Franchise Agreement shall control.

B. Franchisee shall bear all costs, liabilities, expenses and responsibilities not explicitly included in the SAT Fee as described in Section 11B for (1) locating, obtaining and developing a site for the Business Center within the Protected Search Area, (2) undertaking a space feasibility analysis and developing a layout for the Business Center that is approved by OEF, and (3) constructing and equipping the Business Center in accordance with the pre-approved final layout and plans. OEF may, but is not required to, allow Franchisee to develop a Business Center outside of the Protected Search Area, and if OEF allows this, OEF may alter the Protected Search Area to account for the reduction in Office Evolution businesses to be developed in that area, and Franchisee will be required to pay a Protected Search Area Change Fee in accordance with Section 12.O. Franchisee agrees that OEF's approval of a site or the rendering of assistance in the selection of a site does not constitute a representation, promise, or guarantee by OEF that the site will be successful or profitable, or that the site will be free from environmental, ecological, or other defects, some or all of which may involve further expenses and costs to Franchisee. Franchisee further acknowledges that OEF makes no representations regarding Franchisee's need to obtain permits or other approvals from local, state, or federal governing bodies, which may involve further expenses and costs to Franchisee.

C. Prior to acquisition by lease or purchase of a site for the Business Center, Franchisee must (1) submit to OEF, in the form specified by OEF, a description of the site and such other information and materials as OEF may reasonably require, (2) final test-fit plans for the Business Center including all required construction notes; (3) a copy of the proposed letter of intent, lease or purchase contract; and (4) other requirements included in the Franchise Operations Manual. OEF shall have 15 days after receipt of all requested information to approve or disapprove, in its sole discretion, the proposed site as a location of the Franchise. If OEF rejects the site or the funding plan, it will include a written explanation of the basis for that rejection to Franchisee. Franchisor may terminate the Franchise Agreement if the Franchisee and OEF are unable to agree on an acceptable site.

D. Franchisee must identify and obtain OEF's approval of a location for the Business Center and execute a lease, purchase agreement or other binding contract for a location for the Business Center on or before the date in the Development Schedule set forth in Attachment A. Upon Franchisee's failure to execute a lease, purchase agreement or other binding contract for a Business Center by the date set forth in the Development Schedule, Franchisee shall lose any exclusivity granted for and within the Protected Search Area, and this shall constitute a material breach of this Agreement, for which OEF may, among other things: (i) terminate the Franchise Agreement; (ii) reduce the size of the Protected Search Area; (iii) permit Franchisee to extend the Development Schedule; or (iv) pursue any other remedy OEF has at law or in equity.

E. If Franchisee plans to occupy the approved site under a lease, Franchisee shall, before entering into any such lease, request and obtain OEF's written approval of the lease, which may be conditioned upon the inclusion in the lease of one or more of the following provisions:

(1) Prohibit Franchisee from sub-leasing or assigning all or any part of its rights under the lease without the prior written approval of OEF;

(2) Require lessor consent to Franchisee's use of the Marks and signage in the manner OEF prescribes;

(3) Require the initial term of the lease, or the initial term together with renewal terms be for not less than the term of this Agreement;

(4) Require landlord concurrently provide OEF with a copy of any written notice of deficiency or default under the lease;

(5) Grant OEF the right, but not the obligation, to cure any deficiency under the lease if Franchisee fails to do so for an additional 15 days after the expiration of the time in which Franchisee may cure the default; and

(6) Grant OEF the option to assume the lease and occupancy rights upon Franchisee's uncured default, and the right to assign the lease or sublease the premises for all or any part of the existing lease term to a new franchisee or developer, and upon any such assignment, be relieved of liability for obligations accruing after the effective date of such assignment.

(7) Franchisee shall use reasonable efforts to cause the landlord or lessor of the Business Center to agree to the terms of the Lease Addendum attached as Exhibit G to the Franchise Disclosure Document, or the form of Lease Addendum then specified by OEF for use by franchisees. In cases where the lessor objects to provisions of the Lease Addendum, OEF will not unreasonably withhold its approval of amendments to the Lease Addendum which overcome the lessor's objections.

F. Franchisee must send to OEF a copy of the proposed purchase contract, proposed lease or a letter of intent. If Franchisee (or one of its Affiliates) owns the Business Center or Franchisee leases the Business Center from an Affiliate, Franchisee must preserve its right to continue to occupy and use the Business Center through the end of the term of the Franchise Agreement, including the right to do so after the sale or other disposition of the Business Center to an unrelated third party. OEF will respond to Franchisee within 15 days of receipt of the information with any comments or recommendations. Franchisee will furnish OEF a copy of the executed purchase contract or lease. Franchisee acknowledges that time is of the essence.

5. DEVELOPMENT OF BUSINESS CENTER AND OPENING OF FRANCHISE

A. DEVELOPMENT OF BUSINESS CENTER

OEF requires that Franchisee use OEF's designated designer to provide the test-fit, layout, design and final construction, mechanical, electrical and other working drawings for the Business Center. Franchisee must hire, or cause Franchisee's landlord to hire, a contractor to construct the Business Center in compliance with the final plans as approved by OEF. Franchisee must submit the final plans for the Business Center (including all mechanical, plumbing and engineering) to OEF for review and approval. If OEF determines, in its sole discretion, that any final plans are not consistent with OEF's Specifications, OEF may prohibit implementation of those plans. OEF's approval or objection to the plans shall be sent to Franchisee in writing, within 15 days after receipt of those plans. Franchisee must conform the plans to the objections and resubmit the revised plans to OEF for approval. OEF must approve or reject the revised plans within 15 days of receipt. Franchisee is solely responsible for the accuracy of the plans and the integrity of the construction of the Franchise. Franchisee acknowledges and agrees that OEF's review of the plans is only for the purpose of ensuring compliance with OEF's Specifications and that OEF's approval of the plans does not constitute a representation, warranty or guarantee, express or implied, that the plans are accurate or free of error.

Promptly after signing a lease or closing on a purchase of the Business Center, Franchisee will do or cause to be done all of the following:

(1) Prepare and submit to OEF for approval, which shall not be unreasonably withheld, any proposed additional modifications to the approved plans which may be modified only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions, all modifications being subject to prior notification to, and approval by, OEF;

(2) Obtain all required zoning and building classifications which may be required by any laws, ordinances, regulations or restrictive covenants relating to the construction and operation of the Franchise at the Business Center and obtain all utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses; and

(3) Promptly commence and diligently pursue construction of all required improvements to the Business Center, purchase and install all required fixtures and equipment and decorate the Business Center in compliance with the plans and specifications approved in writing by OEF and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions.

B. FIXTURES, EQUIPMENT, FURNITURE AND SIGNS

Franchisee shall use only those types of construction and decorating materials, fixtures, equipment, furniture and signs that OEF has approved or designated in the Franchise Operations Manual for Office Evolution franchises as meeting its Specifications for appearance, function and performance. Franchisee may purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by OEF (which may include OEF and/or its Affiliates). If Franchisee proposes to purchase any type of construction or decorating material, fixture, equipment, furniture or sign not then approved by OEF, or any items from any supplier not then approved by OEF, then Franchisee must first notify OEF in writing and must submit to OEF upon its request sufficient specifications, photographs, drawings and/or other information or samples for a determination by OEF of whether (1) the type of construction or decorating material, fixture, equipment, furniture or sign complies with the Specifications, and (2) the supplier meets OEF's approved supplier criteria, which determination OEF will make and communicate in writing to Franchisee within a reasonable time. Franchisee shall also reimburse OEF's costs in reviewing any proposed product, service or supplier nominated by Franchisee.

C. FRANCHISE OPENING

Franchisee shall not begin selling any services to Customers or otherwise without (1) obtaining OEF's prior approval and (2) complying with the requirements of this Agreement and any applicable criteria specified in the Franchise Operations Manual. Once Franchisee has fulfilled the obligations under the Development Schedule, Franchisor and Franchisee shall mutually agree on an opening date that the Business Center must be open for business ("Opening Deadline"), which shall be no more than 365 days from the date Franchisee has fulfilled the Development Schedule. The Opening Deadline shall be set forth in Attachment A-1 to this Franchise Agreement. Prior to the Opening Deadline and prior to opening the Franchise, Franchisee must have (1) a certificate of occupancy and (2) OEF's approval to open. OEF will notify Franchisee of dates for training and opening the Franchise. Franchisee's failure to open the Franchise prior to the Opening Deadline will be deemed a material default under this Agreement.

D. RELOCATION OF FRANCHISE

If Franchisee's lease for the Business Center of the Franchise expires or terminates without fault of Franchisee, or if in the judgment of OEF and Franchisee there is a change in the character of the Business Center sufficiently detrimental to warrant its relocation, OEF will grant permission for relocation of the Business Center to a location within the Protected Territory that is approved by OEF. Any relocation must be at Franchisee's sole expense, and Franchisee must pay OEF the Relocation Fee stated in Section 12.O.

for services OEF renders to Franchisee because of such relocation and must reimburse OEF for costs OEF incurs related to the design and construction of the new location; provided, however, if a force majeure event (such as a natural disaster) causes the relocation, then no relocation fee will be charged to Franchisee. If Franchisee elects to relocate the Business Center, then Franchisee must comply with the site selection and development and opening procedures set forth in this Agreement.

E. PROGRESS REPORTS

Franchisee must provide OEF written status reports regarding the progress of construction or remodeling of the Business Center in accordance with OEF's then-current Specifications.

6. TRAINING AND OPERATING ASSISTANCE

A. TRAINING

(1) Franchisee and Franchisee's Business Center Managers ("BCM") must complete the Initial Training to OEF's satisfaction before Franchisee may open its Office Evolution Business. In addition, any subsequent Business Center Managers and Representatives must also attend Initial Training within 90 days of their hiring or appointment. OEF provides recurring Initial Training at OEF's Louisville, Colorado location at no cost. The Initial Training is typically held once a month, but OEF may conduct it whenever necessary to train new franchisees. The Initial Training must be completed to OEF's reasonable satisfaction at least 20 days before the Office Evolution Business opens for business. Franchisee will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training. Franchisee is responsible for all of franchisee's expenses to attend any training program, including lodging, transportation, food, and similar expenses.

Franchisee must provide notice to OEF at least one month before the dates Franchisee wishes to attend Initial Training. If at any time during the Initial Training it appears to OEF that any individual is not able to complete the training to OEF's satisfaction, OEF will have the right to require that Franchisee designate a replacement BCM to attend Initial Training. OEF reserves the right to disapprove of any individual who fails to complete training to the satisfaction of OEF. There is no cost for attending Initial Training. OEF may charge Franchisee OEF's then-current fee for any Additional Training held outside of a normally scheduled Initial Training.

(2) OEF shall have the right to alter any of its training programs in length, content and location to meet the changing needs of the System. OEF reserves the right to designate where and how Franchisee or the Representative will be trained, and Franchisee will promptly comply with OEF's directions with respect to that training.

(3) If this is the first Franchise being developed under an Area Development Agreement, in addition to the required Initial Training, the Area Development Agreement may require Franchisee to establish a training program at the Business Center in compliance with the guidelines and specifications required by OEF for such training. If Franchisee establishes a training program at the Business Center, OEF will assess the training provided at the Business Center on an ongoing basis and create written reports of those assessments from time to time. The reports will provide recommendations for correcting any deficiencies in such training program. OEF may provide additional training and training personnel as it deems necessary, which training OEF may require Franchisee (or the Representative if Franchisee is an entity) and Franchisee's initial Business Center Manager to attend and complete. OEF reserves the right to charge a fee for additional training to offset OEF's time and expenses of providing the training.

B. ADDITIONAL AND ONGOING REMOTE TRAINING

OEF has the right to conduct additional training programs for Franchisee, Business Center Managers, and other employees of Franchisee. If such training is deemed necessary by OEF, Franchisee, Business Center Managers, and Franchisee's employees (or any group of them) may be required to successfully complete such training to OEF's satisfaction, and OEF may require that Franchisee pay OEF's then-current additional training fee. From time to time, Franchisor may require that Franchisee, Business Center Managers, and other employees attend system-wide refresher or additional training courses ("Remote Training"). Some of these courses may be optional, while others may be required.

There is no cost for attending Initial Training, however Franchisor may charge Franchisee our then-current fee for any Additional Training held outside of a normally scheduled Initial Training. Whether you attend Initial Training or Additional Training, you must pay for your own expenses for airfare, meals, transportation costs, lodging, and incidental expenses, or our expenses if we travel to your Business Center.

OEF may host annual conferences, conventions or meetings; if so, Franchisee will be required to pay a fee regardless of whether Franchisee attends the conference, convention or meeting. If Franchisee does not attend, Franchisee will be charged the price for one attendee. Franchisee will be responsible for any and all expenses incurred in connection with attending the conference or convention.

C. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE

Franchisee is solely responsible for the hiring of all of its employees and the terms of their employment and their supervision, management, compensation and training (other than training specifically provided by OEF) and has sole control over working hours, benefits, wages, workers' compensation and other employment policies. Franchisee is required to comply with all employment laws. All employees or independent contractors hired by or working for Franchisee will be Franchisee's employees or independent contractors alone and will not, for any purpose, be deemed OEF's employees or independent contractors alone and will not, for any purpose, be deemed OEF's employees or subject to OEF's control. OEF will not direct Franchisee's employees or oversee Franchisee's employment policies or practices. OEF will not have the power to hire or fire Franchisee's employees. Within seven days of our request, Franchisee and its employees will sign an employment acknowledgment form stating that Franchisee alone is the employee's employer and that OEF is not.

D. OPERATIONS COMPLIANCE

Franchisee acknowledges the importance of (1) maintaining uniformity among all of the Office Evolution franchises and (2) complying with all of the Specifications. To protect the reputation and goodwill associated with the Marks and the System and to maintain high standards of operation, Franchisee shall operate the Franchise in accordance with the Specifications, the Franchise Operations Manual, and other written directives which OEF may issue to Franchisee from time to time, and in compliance with any other manuals and materials created or approved by OEF for use in the operation of Office Evolution franchises.

E. MAINTENANCE OF THE BUSINESS CENTER

Franchisee shall maintain the Business Center in a high degree of maintenance and repair and shall make such repairs and replacements as may be required by OEF, in its sole discretion, including, without limitation, periodic repainting or replacement of signs, furnishings, décor, flooring and damaged equipment and the Computer System (as such term is defined below). No alterations, improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in

or about the Business Center without the prior written approval of OEF.

F. COMPUTER SYSTEM

Franchisee must acquire, maintain, and upgrade computer, information processing, and communication systems pursuant to the Franchise Operations Manual, including for accounting, inventory control, and point of sales, and for all applicable hardware, software, and Internet and other network access providers, website vendors, and video conferencing, as OEF may prescribe (“Computer System”). OEF will have the right to access, and Franchisee must ensure that OEF can access, at all times, all of the information and data and information stored on or processed by the Computer System. Franchisee must provide OEF with and update all usernames and passwords associated with any software used in the Franchise. Franchisee may incur additional costs or expenses to comply with OEF’s requirements related to the Computer System. Franchisee must comply with any separate software or other license agreement OEF or its designee uses in connection with providing these service disruptions.

Franchisee must store all data and information in the Computer System that OEF designates, and report data and information in the manner OEF specifies. Franchisee must use approved credit card and ACH processor, follow all PCI compliance requirements and credit card processing requirements. Except as specifically provided in this Agreement, OEF is not required to provide Franchisee with any installation, ongoing maintenance, repairs, upgrades, updates, or support for the Computer System. Franchisee must arrange for installation, maintenance, repairs, upgrades, updates and support of the Computer System at Franchisee’s cost. There are no limitations in regarding the costs of such required installation, support, maintenance, repairs, updates or upgrades relating to the Computer System.

OEF cannot estimate the cost of maintaining, updating or upgrading the Computer System or its components because it will depend on Franchisee’s repair history, costs of computer maintenance services in Franchisee’s area, and technological advances, which we cannot predict at this time. OEF may revise its specifications for the Computer System periodically. Franchisee must update, upgrade or replace its Computer System at such time as specifications are revised, and there are no limitation on the frequency or cost of this obligation.

OEF (or its designees) have the right to independently access Franchisee’s electronic information and data relating to its Franchise and to collect and use such electronic information and data in any manner OEF deems appropriate. OEF may access the electronic information and data from Franchisee’s Computer System remotely, in the Franchise, or from other locations. If Franchisee is in default of any obligation(s) under this Franchise Agreement, OEF may, in addition to any other remedy OEF may have under this Agreement, temporarily inhibit Franchisee’s access to all or part of the Computer System, until Franchisee has cured such default(s) completely.

G. UPGRADE OF BUSINESS CENTER

At OEF’s request, at any time on or after the third anniversary of the opening of the Franchise (and every three years thereafter), OEF may require Franchisee to make reasonable capital improvements to the Business Center to conform the Business Center to OEF’s then-current Specifications, including the addition of any new or additional equipment, furniture, fixtures, supplies and other products and materials. Upgrades required for core and infrastructure technology systems may be required to be upgraded at any time. OEF may determine that the cost of the additional capital improvements will create an undue economic hardship for Franchisee, and in that case, Franchisee and OEF may, by mutual agreement, extend for a reasonable period of time, Franchisee’s compliance with this requirement.

H. OPERATIONS REVIEWS

OEF will make inspections from time to time and advise Franchisee of operating deficiencies at the Franchise, which may consist of:

- (1) Evaluation of the products and services provided by Franchisee to ensure compliance with the high standards of quality, appearance and service of the System; and
- (2) Monitoring marketing, public relations and promotional programs of Franchisee.

I. FRANCHISE OPERATIONS MANUAL

OEF will give access to Franchisee during the term of this Agreement one copy of the Franchise Operations Manual. OEF may, at its option, make the Franchise Operations Manual available electronically or digitally including through the internet. The Franchise Operations Manual may consist of one or more handbooks or manuals, including, without limitation, a marketing manual for promoting the Franchise through social media websites and other mediums. The Franchise Operations Manual contains mandatory Specifications that OEF prescribes for Office Evolution franchises and recommendations that OEF suggests to improve operations of the Franchise. OEF has the right to add to, and otherwise modify, the Franchise Operations Manual to reflect changes in authorized products and services and other Specifications, provided that no addition or modification shall alter Franchisee's fundamental status and rights. Franchisee must keep its copy of the Franchise Operations Manual current. If there is a dispute between OEF and Franchisee regarding the contents of the Franchise Operations Manual, OEF maintains the master copy at its principal office and that copy shall control, provided that OEF has delivered to Franchisee, including by electronic or digital means, a legible copy of any relevant update, change, addendum, addition or revision. OEF may revise the contents of the Franchise Operations Manual and the contents of any other written materials created or approved for use in the operation of the Franchise. Franchisee shall have a reasonable period of time to implement any change in the Franchise required by any change to the Franchise Operations Manual. OEF shall give Franchisee written notice of any change required and the period of time within which the change must be implemented. Franchisee acknowledges that compliance with the Franchise Operations Manual is vitally important and is necessary to protect OEF's reputation and the goodwill of the Marks and to maintain the uniform quality of operation through the System; however, the Franchise Operations Manual is not designed to control the day-to-day operation of the Franchise.

7. INTELLECTUAL PROPERTY

A. LICENSE TO MARKS

OEF grants Franchisee the right to use the Marks during the term of this Agreement in accordance with the System and the Specifications set forth in the Franchise Operations Manual.

B. OWNERSHIP AND GOODWILL

Franchisee expressly acknowledges and agrees that:

- (1) OEF (or its Affiliate) is the sole and exclusive owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by the Marks;
- (2) Franchisee has no ownership interest whatsoever in or to the Intellectual Property, and Franchisee's right to use the Intellectual Property is derived solely from this Agreement and is

conditioned upon Franchisee's operation of the Franchise in compliance with this Agreement and all Specifications;

(3) any unauthorized use of the Intellectual Property by Franchisee constitutes an infringement of the rights of OEF in and to the Intellectual Property;

(4) all usage of the Intellectual Property by Franchisee and any goodwill related to such use exclusively benefits OEF and does not confer any goodwill or other interests in the Intellectual Property upon Franchisee;

(5) Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Intellectual Property or assist any other person in contesting the validity or ownership of any of the Intellectual Property;

(6) Franchisee and its Principals shall not take any action that prejudices or interferes with the validity of OEF's rights with respect to the Intellectual Property; and

(7) All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, logo forms and commercial symbols authorized for use by and licensed to Franchisee pursuant to this Agreement.

C. USE OF THE MARKS

(1) The Marks shall be the sole identification of the Franchise. Franchisee must operate and market the Franchise only under the name Office Evolution without prefix or suffix. Franchisee must not use the Marks as part of its corporate or other legal name and must not use the Marks with modifying words, terms, designs or symbols, or in any modified form.

(2) Franchisee must identify itself as the owner of the Franchise, as an independent franchisee of OEF, in conjunction with any use of the Marks, including, but not limited to, uses on stationery, marketing, invoices, order forms, receipts and contracts, and in a notice at the Business Center, as required by the Franchise Operations Manual. Franchisee shall display the Marks prominently and in the manner prescribed by OEF.

(3) Franchisee must comply with OEF's instructions in filing and maintaining trade name or fictitious name registrations.

D. RESTRICTIONS ON INTERNET AND WEBSITE USE

Except as OEF may authorize or direct in writing including in the Franchise Operations Manual, Franchisee shall not in any way: (1) link to or frame OEF's website; (2) conduct any business or offer to sell or market any products or services on the worldwide web; (3) create or register any Internet domain name in connection with the Franchise; (4) use the Marks in any domain name or on any Internet website or any other unauthorized manner; or (5) promote the Franchise on any Internet website; or (6) post any material on the Internet that depicts or displays the Marks or suggests an association with the System. OEF may require that Franchisee install and maintain hardware and software to allow Franchisee to access the Internet, and if required by OEF, Franchisee will comply with such requirements. OEF may direct Franchisee, through a marketing manual, social media websites policy or other provisions in the Franchise Operations Manual or otherwise in writing, to use the Internet, including social media websites and other opportunities, in connection with the marketing and promotion of the Franchise. The form, content and

appearance of any Internet use by Franchisee related to the Franchise or the System must comply with the Specifications and must be approved by OEF in writing before being used by Franchisee.

Franchisee shall not, and shall cause its employees and Principals not to, without OEF's express written consent in all instances which may be withheld by OEF in its sole discretion, post, contribute, or author any content on any website or social media website or communicate with any media outlet or organization in a manner that:

(1) makes any statement which disparages, ridicules or is derogatory of the System, the Marks, OEF or its Affiliates, or any of their owners, officers, employees, agents, consultants, attorneys or representatives, or any other franchisee in the System, or the owners, officers, employees, agents, consultants, attorneys or representatives of any franchisee in the System;

(2) pertains in any way to health or safety conditions at an Office Evolution franchise;
or

(3) pertains to any litigation pending or threatened against OEF or its Affiliates, or any of their owners, officers, employees, agents, consultants, attorneys or representatives or any franchisee in the System.

E. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify OEF in writing within three days of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than OEF and its counsel in connection with any infringement, challenge or claim. OEF and/or its licensor has sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee shall execute all documents, render assistance and do all that may be necessary or advisable to protect and maintain the interests of OEF and its Affiliates in any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of OEF and its Affiliates in the Marks. OEF will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting OEF in any such litigation or administrative proceeding.

F. INDEMNIFICATION OF FRANCHISEE/DISCONTINUANCE OF USE OF MARKS

OEF shall indemnify Franchisee against, and reimburse Franchisee for: (1) all damages for which Franchisee is held liable in any proceeding brought by a third party in which Franchisee's use of any Mark is held to constitute trademark infringement, unfair competition, or dilution and (2) all costs Franchisee reasonably incurs in the defense of any claim brought against Franchisee or in any proceeding in which Franchisee is named as a party; provided that, Franchisee timely notifies OEF of the claim or proceeding and has otherwise complied with this Agreement and that OEF has the opportunity to defend such claim. If OEF defends the claim, OEF has no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements to any separate attorney retained by Franchisee.

If at any time, in OEF's sole discretion, it becomes advisable for OEF and/or Franchisee to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply with such direction from OEF within a reasonable time after receiving such direction from OEF. Any substitution or change in the Marks shall not be effective as to Franchisee, until

such change is made in other Office Evolution franchises. The sole liability and obligation of OEF in any event is to reimburse Franchisee for the out-of-pocket costs of complying with this obligation.

G. NON-EXCLUSIVE RIGHTS

The right and license to use the Intellectual Property granted to Franchisee is non-exclusive, and OEF has and retains the right to grant other franchises and licenses to use the Intellectual Property except as restricted by Section 2 of this Agreement.

8. OEF'S OBLIGATIONS

OEF agrees to provide the following services, which may be provided by OEF or its designee(s):

A. Furnish Franchisee with OEF's written site criteria package and any other site selection counseling and assistance OEF deems advisable;

B. Provide Franchisee with the location and site design services for the Business Center set forth in Section 11.B and provide on loan to Franchisee a set of prototypical design plans and Specifications for the Business Center;

C. Provide Franchisee with the mandatory specifications, standards and procedures for the operation of the Business Center in accordance with Section 13 of this Agreement;

D. Designate a Protected Search Area, if applicable, for the Business Center and designate a Protected Territory for the Business Center;

E. Provide on loan to Franchisee access to the Franchise Operations Manual and other written materials as OEF develops for use in the Franchise;

F. Provide advice and consult with Franchisee periodically in connection with the operation of the Franchise including advice related to management, sales promotions and customer service;

G. Provide periodic evaluations of operations conducted, products sold and services rendered by Franchisee;

H. Provide marketing and public relations materials and information developed by OEF for purchase and use by Franchisee in local marketing and in the pre-opening promotion of the Business Center;

I. Provide advice and guidance on advertising and marketing;

J. Provide the call center service set forth in Section 12.E, below;

K. Provide the technology services and support in exchange for the fee for Technology Licenses set forth in Section 12.D, below;

L. Provide a list of approved suppliers to Franchisee and continue to evaluate approved supplier performance and quality;

M. Conduct the Initial Training Program in accordance with Section 6 of this Agreement and provide Franchisee with subsequent refresher training programs;

N. Provide remote opening assistance; and

O. Provide brokerage services for your Business Center through a real estate brokerage partner we specify.

9. CONFIDENTIAL INFORMATION

OEF possesses certain Confidential Information and discloses the Confidential Information to Franchisee in various formats, including without limitation, training programs, the Franchise Operations Manual and in guidance furnished to Franchisee.

A. Franchisee shall at all times treat the Franchise Operations Manual and any other materials created for or approved for use in the Franchises as Confidential Information. Franchisee may divulge and make Confidential Information available only to those of Franchisee's employees who must have access to it in order to operate the Franchise. Except as is reasonably necessary to operate the Franchise, Franchisee shall not at any time copy, duplicate, record or otherwise reproduce Confidential Information, in whole or in part, or otherwise make the same available to any unauthorized person, without the prior written consent of OEF.

B. The Franchise Operations Manual, written directives, and any other written Confidential Information shall be kept in a secure place at the Business Center and shall be returned to OEF immediately upon request or upon termination or expiration of this Agreement.

C. Franchisee acknowledges and agrees that all of the Confidential Information it now has or obtains in the future are derived from OEF pursuant to this Agreement, and that Franchisee shall not, without the written consent of OEF, disclose such Confidential Information or use it for Franchisee's own benefit (or the benefit of any person or entity other than OEF and its Affiliates) during the term of this Agreement and for a period of two years thereafter, unless such Confidential Information constitutes Trade Secrets (as defined below) of OEF, in which case, such information will be treated in confidence for as long as such information shall constitute a "Trade Secret." Notwithstanding the foregoing, Franchisee may disclose such Confidential Information and Trade Secrets to those employees who need access to perform their employment duties to Franchisee, (and then only to the extent necessary to enable them to perform their employment duties). For purposes of this Agreement, "Trade Secret" shall mean, information or data about OEF or any of its products, including but not limited to, technical or non-technical data, formulae, methods, techniques, drawings, processes, financial data, financial plans, product and promotion plans, and lists of actual or potential advertisers, customers or suppliers, that: (1) derives economic value, actual or potential, from not being generally known to, or generally ascertainable by proper means by other persons who can obtain economic value from their disclosure or use; and (2) is a subject of efforts that are reasonable under the circumstances to maintain its secrecy. Franchisee acknowledges and agrees that the Confidential Information and Trade Secrets are proprietary to OEF and are disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does agree, that it will:

(1) not use the Confidential Information or Trade Secrets in any other business or capacity;

(2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(3) not make unauthorized copies of any portion of the Confidential Information disclosed in written form;

(4) adopt and implement all reasonable procedures OEF prescribes to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to

employees of the Franchise and the use of non-disclosure and non-competition clauses in employment agreements with persons. Franchisee agrees to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information (“Privacy Laws”). Franchisee also agrees to comply with OEF’s standards and policies pertaining to Privacy Laws. If there is a conflict between OEF’s standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee will: (a) comply with the requirements of applicable law; (b) immediately give OEF written notice of said conflict; and (c) promptly and fully cooperate with OEF and its counsel in determining the most effective way, if any, to meet Franchisor’s standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without OEF’s prior written consent as to said policy; and

(5) require all Principals and all of Franchisee’s employees, independent contractors, agents, or representatives that have access to the Confidential Information to sign a confidentiality agreement in a form approved by OEF (see Exhibit G of the Franchise Disclosure Document).

D. The restrictions on Franchisee’s disclosure and use of the Confidential Information will not apply to (1) information, processes or techniques which are or become generally known in the virtual office industry, other than through disclosure (whether deliberate or inadvertent) by Franchisee or its Principals or Representative or Business Center Manager (“Management Team”); or (2) disclosure of Confidential Information in judicial or administrative proceedings to the extent Franchisee is legally compelled to disclose information, provided Franchisee has used its best efforts not to disclose such information, and has afforded OEF the opportunity to obtain an appropriate protective order or other assurance satisfactory to OEF of the confidential treatment for the information required to be disclosed.

E. If Franchisee or any Principal develops any new concept, process, product or other improvement to the operation or promotion of the Franchise, Franchisee must promptly notify OEF and provide OEF with all necessary related information, without compensation. Franchisee and the Principals acknowledge that any concept, process, product, or improvement shall become the property of OEF and that OEF may use or disclose that information to other franchisees as it determines to be appropriate. In the event the concept, process, product, or other improvement becomes a part of the System, OEF will reimburse Franchisee for its reasonable out-of-pocket expenses incurred in its development.

10. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. The parties understand and agree that this Agreement does not create a fiduciary relationship between them, that Franchisee is an independent contractor and that nothing in this Agreement makes either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose.

B. Franchisee must identify itself at the Business Center and in all public records and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of a franchise from OEF, and must place other notices of independent ownership on signs, forms, stationery, marketing and other materials as OEF requires.

C. OEF has not authorized or empowered Franchisee to use the Marks, except as provided by this Agreement. Franchisee must not employ any Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation without the prior written consent of OEF, or employ any Mark in a manner that is likely to result in liability of OEF for any indebtedness or obligation of Franchisee. Further, Franchisee must use its legal name on all documents for use with employees and contractors including, but not limited to, employment applications, time cards, pay checks,

and employment and independent contractor agreements, and Franchisee shall not use the Marks on these documents.

D. Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on OEF's behalf, or to incur any debt or other obligation in OEF's name and that OEF shall not have any liability for, or be deemed liable under this Agreement as a result of, any action or omission by Franchisee in the conduct of its business pursuant to this Agreement or any claim or judgment arising therefrom.

E. OEF has no responsibility to ensure that the Franchise is developed and operated in compliance with all applicable laws, ordinances and regulations. OEF has no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchise or its assets, or upon OEF in connection with sales made, services performed or business conducted by Franchisee.

F. Franchisee shall, at all times, indemnify and hold harmless, to the fullest extent permitted by law, OEF and its Affiliates, successors and assigns and their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees from all losses, expenses, liability, taxes, damages (actual or consequential) and costs (including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) (collectively, the "Losses") which any of them may suffer, sustain or incur by reason of, arising from or in connection with any of the following:

(1) Franchisee's ownership or operation of the Franchise, unless the Losses are finally determined to have been caused solely by OEF's gross negligence or willful misconduct;

(2) Any infringement or alleged infringement of, or violation of the right to use, any Mark by Franchisee or any Principal;

(3) Any libel, slander or any other form of defamation of the System, or any other franchisee operating under the System, by Franchisee or any Principals;

(4) Any breach by Franchisee (or any of its Affiliates) of any warranty, representation, agreement or obligation in this Agreement or any other agreement with OEF (or any of its Affiliates);

(5) Any loss of data, including but not limited to customer information, resulting from a breach of such data due in whole or in part to Franchisee's acts or negligence;

(6) Franchisee's employment or other contractual relationship with its employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that OEF is an employer or joint employer of Franchisee's employees;

(7) Any fees, costs, or liabilities incurred by Franchisor on Franchisee's behalf, including fees and costs incurred by Franchisor to recover amounts due on Franchisee's behalf;

(8) Any breach by Franchisee of its lease for the Business Center including any Losses incurred by OEF or its affiliates as a result of their guaranty of the lease (if any).

(9) Franchisee's violation or any federal, state, or law, statute, rule or regulation, including but not limited to, violation of Privacy Laws.

Upon the occurrence of any event giving rise to a claim for indemnification, Franchisee shall give OEF prompt notice of such event. Upon receipt of such notice, OEF may elect to assume (but under no circumstances is obligated to undertake) the defense and/or settlement of any action, suit, proceeding, claim, demand, inquiry or investigation. Any such undertaking by OEF shall not diminish the obligation of Franchisee to indemnify OEF. All Losses incurred under this Section 10 shall be chargeable to and paid by Franchisee regardless of any actions, activity or defense undertaken by OEF or the subsequent defense or failure of these actions, activity or defense.

OEF shall not be required to seek recovery from third parties or otherwise mitigate their losses in order to pursue a claim against Franchisee for indemnification, and OEF's failure to pursue recovery or mitigate Losses shall in no way reduce the amounts recoverable from Franchisee. The terms of this Section 10 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

G. OEF shall indemnify and hold harmless Franchisee against any Losses which Franchisee may suffer, sustain or incur solely by reason of, arising from or in connection with the negligence of OEF (or any of its Affiliates) which is the direct cause of such Losses.

11. INITIAL FRANCHISE FEES

A. INITIAL FRANCHISE FEE.

Franchisee must pay to OEF an initial franchisee fee in the amount set forth in Attachment A, which is due and payable at the time Franchisee executes this Agreement. OEF may reduce the initial franchise fee for each additional Franchise Agreement if Franchisee (or one of its Affiliates) commits to develop more than one Office Evolution franchise under the terms of an Area Development Agreement. The initial franchise fee is in consideration of all of Franchisor's pre-opening assistance that Franchisor provides to allow Franchisee to open its Business Center and Franchisor's lost or deferred opportunity to enter into this Agreement with others, and it offsets some of our expenses for franchisee recruitment. The initial franchise fee is fully earned by OEF upon Franchisee's execution of this Agreement and is not refundable under any circumstances.

B. SITE ASSISTANCE AND TECHNOLOGY FEE.

Franchisee must pay us a site assistance and technology fee ("SAT Fee") in the amount set forth in Attachment A. The SAT Fee includes real estate site review, letter of intent negotiations and lease review of your Office Evolution Business. The SAT Fee also offsets our costs for project management of the technology procurement and installation, tenant improvement design, bidding and construction, furniture, fixture and equipment selection, procurement and installation and other infrastructure development required to open the Office Evolution Business. We require that you use our preferred national architectural firm to provide the test fit, layout and final design plan, including mechanical, plumbing and engineering drawings and specifications, for your Business Center. The SAT Fee does not include the cost of the preferred national architectural firm's services. If you request and receive a variance to use a different architectural firm, or if you need assistance or any additional services outside of the specified services, OEF has the right to charge an additional fee ("SAT Hourly Reimbursement") which is currently \$100 per hour. The SAT Fee for your first Business Center is due in full at the time you sign your first Franchise Agreement and is non-refundable. The SAT Fee for subsequent Business Centers is due in full at the time you commence searching for each additional Business Center. You are not permitted to use the Marks in conjunction with the search and will not receive any site search services from us until the subsequent SAT Fee is paid. The Franchise Operations Manual (defined in Item 8) includes additional detail regarding the services included in the SAT Fee and the SAT Hourly Reimbursement.

C. GUARANTY FEE.

If OEF chooses, in its sole discretion, to sign as a guarantor of the lease for Franchisee's Business Center ("Corporate Guaranty"), Franchisee will be required to pay OEF a Corporate Guaranty fee ("Corporate Guaranty Fee") for so long as OEF remains a guarantor on the lease for Franchisee's Business Center. The Corporate Guaranty Fee is one percent (1%) of the outstanding lease guaranty balance at the end of each calendar quarter (approximately \$500 to \$1,000 per quarter, depending on the outstanding balance). The Corporate Guaranty Fee is due each quarter and is non-refundable.

12. OTHER FEES

A. ROYALTY

Franchisee shall pay OEF a continuing non-refundable monthly royalty ("Royalty" or "Royalties") equal to the percentage stated on Attachment A multiplied by Net Billings (as defined below) from the operation of the Franchise beginning upon execution of this Agreement. The Royalty is an ongoing payment that allows Franchisee to use the Marks and the other intellectual property of the System and that pays for Franchisor's ongoing support and assistance. The Royalty will be collected by OEF as provided in Section 12.I.

B. BRAND DEVELOPMENT FUND

Franchisee must contribute to the BDF (as defined below in Section 15.A.) an amount equal to three percent (3%) of Net Billings and any local advertising expenditure deficits by the Franchisee ("BDF Contribution") which will be collected by OEF as provided in Section 12.I. OEF reserves the right to increase the BDF Contribution to up to five percent (5%) of Net Billings upon 30 days' written notice, however, in the event that we increase the BDF Contribution, there will be a corresponding offset to your local advertising requirement.

C. DEFINITION OF NET BILLINGS

"Net Billings" means the aggregate amount of all invoices and sales orders of any kind from the sale of products or the performance of services in connection with the Franchise, including pass-through costs to your clients and the full value of any product or service provided by Franchisee in exchange for non-monetary consideration such as services provided in trades or barter transactions, and including the proceeds of any business interruption insurance, less any discounts allowed to your clients, but specifically excluding all of the following: (1) security deposits paid by clients of Franchisee; and (2) all sales, use or similar taxes collected from clients of Franchisee. Franchisee will not be required to pay Royalties on authorized discounts or authorized promotions provided Franchisee follows the reporting policies and procedures in the Franchise Operations Manual.

D. TECHNOLOGY LICENSES

Franchisee shall pay OEF a continuing non-refundable fee for technology licenses ("Technology Licenses") equal to \$650 per month for each of your Office Evolution Business locations. We have made arrangements with multiple vendors for centralized services or preferred pricing which are paid for by us. We combine monthly fees and pro-rated annual fees. This covers licenses for the following: 1) CRM including accounting, client billing, and client management; 2) network and digital security management; 3) telephone system; 4) local and toll free phone numbers; 5) domestic long distance; 6) conference and meeting room scheduling; 7) exterior door access software; 8) help desk; 9) email system; 10) intranet site; 11) pre-opening project management platform; 12) training systems; 13) file sharing and storage site; 14)

learning management software; 15) other systems and services; and 16) costs associated with software development, testing, and implementation; 17) software lease financing costs; and 18) reasonable administrative and overhead fees. Because this Technology License is partly determined by the fees charged by vendors, it may be adjusted throughout the year and may fluctuate from year to year.

You will begin paying the Technology Licenses when you sign the lease for your Business Center or otherwise secure your Business Center location. We reserve the right to upgrade, modify, and add new software, hardware or services.

E. CALL CENTER ALLOCATION

Franchisee shall pay OEF or its designee a continuing non-refundable Call Center Allocation (“CCA”) initially not exceeding \$1.00 to \$1.40 multiplied by the total number of monthly minutes that OEF telephone receptionists are handling calls for Franchisee and its members at the call center operated by OEF. The CCA is an allocation of the costs incurred by OEF to provide the call center service. OEF allocates the cost based on the aggregate monthly time that OEF’s telephone receptionists are handling calls, however, OEF reserves the right to amend the allocation method if it believes, in its sole judgment, that the amended method more fairly allocates the cost incurred by OEF to provide the call center service. The services provided by the call center are separate and distinct from the help desk services included in the Technology Licenses.

F. SETUP FEES

Franchisee shall pay OEF a setup fee equal to \$50 per new member (“Setup Fee”). This fee will be collected by OEF for each of Franchisee’s new members to setup the members’ initial account with the Franchise. The Setup Fee represents the approximate cost incurred by OEF to setup a new member, including all changes during the life of the member’s agreement.

G. ADJUSTMENT OF TECHNOLOGY LICENSES, CCA AND SETUP FEES

OEF reserves the right to increase the CCA, Technology Licenses and Setup Fee up to ten percent (10%) each calendar year upon 30 days’ written notice. This cap does not apply to any increases that result from the addition of new technology, upgrades, modifications, or additional products or services. The fee for Technology Licenses may be adjusted bi-annually upon 30 days’ written notice.

H. BILLING AND COLLECTION ON BEHALF OF FRANCHISEE

Franchisee shall enter all of its client information into OEF’s client management system, and OEF shall provide billing services, including the distribution of invoices. Franchisee’s client payments will be deposited directly into Franchisee’s bank account. OEF shall deposit all collected amounts directly into the designated bank account of Franchisee. OEF shall not perform any collection activity with respect to an invoice to a client of Franchisee after the invoice remains unpaid more than 30 days after its original due date. The Franchise Operations Manual shall include additional detail regarding the client billing process and the process for handling delinquent client accounts.

I. PAYMENT OF FEES TO OEF

On approximately the 5th day of each month, OEF shall invoice Franchisee for the Royalty, the BDF Contribution, the fee for Technology Licenses, the CCA, the Setup Fees and any other ongoing or occasional fees or payments due to OEF from Franchisee. The remittance to OEF from Franchisee shall

occur once each month, no later than the 15th day of each month, via electronic funds transfer initiated by OEF. The Franchise Operations Manual shall include additional detail regarding the invoicing and payment of fees to OEF. If any payment due to OEF is not made by the due date, Franchisee shall pay to OEF \$100 per occurrence, plus \$100 per week until the payment is received in full. If any check or electronic funds payment is not successful due to insufficient funds, stop payment or similar event, Franchisee also shall pay a \$100 non-sufficient funds fee to OEF for each such occurrence. All payments by Franchisee will be applied in such order as OE may designate from time to time. Franchisee agrees that it may not designate an order for application of any fees different from that designated by OE and expressly acknowledges and agrees that OE may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement signed by OE, which written agreement must be separate from the check or other document or medium constituting or transmitting payment.

J. MEMBER USE OF MULTIPLE LOCATIONS

OEF shall track member use across all business centers and shall act as a clearinghouse for the transfer of payments between Franchisee and the owners of other business centers, if necessary. The Franchise Operations Manual shall include additional detail regarding the tracking of member use across multiple business centers and the method of settlement between owners of the business centers.

K. TAXES

Franchisee shall indemnify OEF for all taxes or fees imposed on OEF by the state or local jurisdiction where the Business Center is located as a result of the conduct of the Franchise within such state or jurisdiction or the license of the Marks or other intellectual property to Franchisee by OEF.

L. SECURITY DEPOSITS

Any security deposit, also called “service retainer”, received by Franchisee from one of its clients shall be excluded from Net Billings for all purposes of this Agreement. Franchisee shall hold and return security deposits in accordance with applicable law. If a security deposit is paid directly to OEF, then OEF shall either (1) forward the deposit to Franchisee or (2) collect and retain the deposit and remit the amount of the deposit to Franchisee.

M. TRANSFER FEE

OEF requires, as a condition to any assignment or transfer, payment of a transfer fee to OEF equal to fifteen percent (15%) of the then-current initial franchise fee for a new Office Evolution franchise if the transferee is an existing franchisee of the System, or twenty-five percent (25%) of the then-current initial franchise fee for a new Office Evolution franchise if transferred to a third party who is not an existing franchisee of the System, but in no event shall the transfer fee exceed \$15,000. Notwithstanding the foregoing, if more than one franchise is being transferred to the same transferee, the transfer fee shall be capped at twice the corresponding transfer fee for a single location. Franchisee shall pay Franchisor the entire transfer fee at time of transfer. Transfer fee does not cover seller’s or buyer’s broker costs or commissions. Transfer fee may be passed through to buyer.

N. RENEWAL FEE

OEF requires, as a condition to any renewal of this Agreement, payment of a renewal fee of up to \$5,000 for OEF’s costs and expenses, prior to the effective date of the renewal.

O. RELOCATION FEE

If OEF permits Franchisee to relocate its Franchise, Franchisee must pay OEF a Relocation Fee of the greater of \$10,000 or then-current “Multi-SAT Fee”, which is the SAT Fee that corresponds with the third or subsequent Office Evolution Business to be developed by a franchisee. In addition, if OEF permits Franchisee to change or relocate its Protected Search Area, Franchisee must pay OEF a Protected Search Area change fee of up to \$10,000. The Relocation Fee or and Protected Search Area change fee will be due upon OEF’s approval of the requested relocation or Protected Search Area change.

P. COSTS AND ATTORNEY FEES

If a claim for amounts owed by Franchisee to OEF or any of its Affiliates is asserted in any legal proceeding before a court of competent jurisdiction or arbitrator, or if OEF or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in the proceeding is entitled to reimbursement of its costs and expenses incurred, including reasonable accounting and legal fees.

Q. INSPECTION FEES

If any examination or audit pursuant to Section 17.B. discloses an understatement of Net Billings, Franchisee must pay to OEF, within 15 days after receipt of the examination or audit report, the Royalty, BDF Contributions and other fees due on the amount of the understatement, plus interest (at the rate and on the terms provided in this Agreement) from the date originally due until the date of payment. Further, if the examination or audit is made necessary by the failure of Franchisee to furnish reports, supporting records, financial statements or other documents or information, as required, or failure to furnish reports, records, financial statements, documents or information on a timely basis, or if an on-site inspection determines that you have understated your number of clients or if an understatement of weekly Net Billings is determined by any examination or audit to be greater than one and one-half percent (1.5%), Franchisee must reimburse OEF for all costs of the audit or examination, including, without limitation, the charges of any independent accountants and the travel expenses, room and board and compensation of employees of OEF. The foregoing remedies are in addition to all other remedies and rights of OEF under applicable law.

R. TRAINING

Franchisor provides a recurring Initial Training at no charge. Franchisor may charge Franchisee for Additional Training outside of Initial Training for newly hired personnel, or BCMs who fail to meet minimum operational standards. All costs for Additional Training will be the responsibility of the Franchisee.

S. INSURANCE

If Franchisee for any reason fails to obtain or maintain the insurance required by OEF, OEF may (without having any obligation to do so) immediately obtain such insurance and charge the cost of such insurance to Franchisee, which charges, together with a reasonable fee of twenty percent (20%) of the premium for OEF’s expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies are in addition to any other remedies OEF may have at law or in equity.

T. LIQUIDATED DAMAGES

If OEF terminates this Agreement due to a default by Franchisee and in accordance with Section 20, Franchisee acknowledges and agrees that (1) Franchisee is liable to OEF for OEF’s lost future

Royalties; (2) the actual or anticipated damages suffered by OEF, including, but not limited to the lost Royalties, would be difficult if not impossible to calculate; and (3) Franchisee must pay to OEF an amount determined by multiplying the combined monthly average of Royalties and BDF Contributions (without regard to any fee waivers or other reductions) that are owed by Franchisee to OEF, beginning with the date Franchisee opens its Franchise through the date of early termination, multiplied by the lesser of: (i) 36, or (ii) the number of full months remaining in the term of this Agreement, except that liquidated damages will not, under any circumstances, be less than \$30,000 or more than on \$100,000 (“Liquidated Damages Payment”). Franchisee will pay the Liquidated Damages Payment to OEF promptly, but in no event later than 15 days after the effective date of the termination of this Agreement. OEF and Franchisee agree that this Liquidated Damages Payment provision is an integral part of this Agreement and the parties have taken into account both Franchisee’s liability for lost future Royalties and other fees and the difficulty of calculating OEF’s damages in determining the amount of the Liquidated Damages Payment. The parties further agree that the applicable Liquidated Damages Payment is (1) compensation for damages and not a penalty against Franchisee and (2) is a reasonable estimate of the damages OEF will suffer as a result of a termination of this Agreement in accordance with Section 20. OEF’s right to receive the Liquidated Damages Payment from Franchisee shall be in addition to OEF’s other rights under this Agreement.

U. ELECTRONIC FUNDS TRANSFER

By executing this Franchise Agreement, Franchisee agrees that OEF will withdraw funds from Franchisee’s designated bank account by electronic funds transfer (“EFT”). Franchisee must execute other documents OEF or Franchisee’s bank requires to implement the foregoing procedure. It is a material default of this Agreement if Franchisee closes the designated bank account without first notifying OEF, establishing another account, and executing all documents necessary for OEF to process payments by EFT for the new designated account.

13. IMAGE AND OPERATING STANDARDS

A. MAINTAINING UNIFORMITY

Franchisee agrees that it is important to maintain uniformity among all Franchises and agrees to comply with all of OEF’s required Specifications relating to the operation of the Franchise. These system standards are set forth in the Franchise Operations Manual and other written policies that OEF may release from time to time. Depending on the nature of the Specification, OEF may establish procedures or guidelines to assist Franchisee in meeting or complying with the Specification. OEF will establish Specifications that impact the presentation of the Office Evolution brand and concept to customers. If OEF identifies a practice as a Specification in the Franchise Operations Manual or otherwise Franchisee must comply with that Specification. In other instances, OEF may identify a practice as a “recommendation” or “suggested” practice.

B. CONDITION AND APPEARANCE OF BUSINESS CENTER/IMPROVEMENTS

To assure the continued success of the Franchise, Franchisee must maintain the Business Center in a high degree of repair, appearance, condition and sanitation, and must make all additions, alterations, repairs and replacements as OEF reasonably directs (but no others without OEF’s written consent) for that purpose including, without limitation, periodic repainting or replacement of obsolete signs, furnishings, equipment (including the Computer System), and décor and merchandising.

In addition, Franchisee must, upon the request of OEF, make other non-capital improvements to modernize and upgrade the Business Center, equipment (including the Computer System), signs, fixtures, furnishings, supplies and other products required for the operation of the Franchise, to OEF’s then-current

Specifications. If necessary, Franchisee shall make such improvements or modifications when such changes are made to other Office Evolution franchises in the System.

C. REMEDIES FOR NONCOMPLIANCE WITH APPEARANCE OF FRANCHISE

If Franchisee fails or refuses to initiate within ten days after receipt of notice, and to continue thereafter in good faith and with due diligence, a bona fide program to undertake and complete any required maintenance or refurbishing that OEF believes is necessary to avoid the Franchise having a negative impact upon the goodwill associated with the Marks and/or the System, then OEF has the right, but is not obligated, to enter upon the Business Center and effect maintenance and refurbishing on Franchisee's behalf, and Franchisee must pay the entire cost of such maintenance and refurbishing to OEF on demand.

D. DAMAGE CAUSED BY CASUALTY

If the Franchise is damaged or destroyed by fire or any other casualty, Franchisee must, within 30 days after such event, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) repairs or reconstruction, in order to restore the Business Center to its original condition. If, in OEF's reasonable judgment, the damage or destruction is of a nature or to an extent that it is feasible for Franchisee to repair or reconstruct the Business Center in conformance with the then-current décor Specifications required by OEF for new Office Evolution franchises without incurring substantial additional costs, OEF may require Franchisee, by giving written notice, to repair or reconstruct the Business Center in conformance with the then-current décor Specifications.

E. ALTERATIONS TO THE FRANCHISE

Franchisee shall not make any material alteration to the Business Center or appearance of the Franchise, nor make any unapproved replacements of or material alterations to, the fixtures, equipment, furniture or signs of the Franchise without prior written approval by OEF. OEF has the right, in its sole discretion and at the sole expense of Franchisee, to rectify any material alterations to the Franchise not previously approved by OEF or contrary to the Specifications contained in the Franchise Operations Manual. OEF will provide written notice to Franchisee and grant Franchisee a reasonable period of time to rectify and correct the material alteration before OEF makes the correction.

F. SPECIFICATIONS TO PRESERVE BRAND IMAGE

To ensure that the highest degree of quality and service is uniformly maintained, Franchisee must use its best efforts to operate the Franchise in compliance with the Specifications set forth in the Franchise Operations Manual, and as OEF may otherwise reasonably prescribe in writing, that impact the overall presentation of the Marks and brand and to do all of the following:

(1) to sell or offer for sale all products and services OEF requires, utilizing and complying with the method, manner and style OEF prescribes;

(2) to maintain in sufficient supply and to use and sell at all times only approved products and services that conform to OEF's Specifications and not use or offer unapproved items without OEF's prior written consent; and

(3) to designate and retain at all times a Management Team who each devote best efforts to the supervision and management of the Franchise, who each attends and successfully completes the training programs provided by OEF, and who consistently demonstrate the abilities to satisfy the performance requirements of their positions.

G. MARKET RESEARCH/TESTING

OEF may conduct market research and testing to determine consumer trends and the salability of new products and services. Franchisee agrees to participate in OEF's market research programs by test marketing new products and services in the Franchise. Franchisee shall provide OEF with timely reports and other relevant information regarding market research conducted in the Franchise and shall make a reasonable effort to promote and sell the products and services.

H. APPROVED SUPPLIERS AND PRODUCTS

Franchisee acknowledges and agrees that (1) OEF's proprietary products and services must be maintained uniformly throughout the System and are interrelated with the Marks in the mind of the public; and (2) the reputation and goodwill of all Office Evolution franchises is based upon, and can be maintained only by, uniform standards throughout the System and the consistent sale of these products and services.

Franchisee shall comply with all of OEF's Specifications for the purchase of all supplies, materials, fixtures, furnishings, equipment, Computer System and other products used in the operation of the Franchise. In the event OEF has approved or designated suppliers for any such item, including manufacturers, distributors, service providers and other sources, Franchisee agrees to obtain these items from those suppliers. OEF's approval of designated suppliers is based upon the demonstration on a continuing basis of the ability of a supplier to (1) comply with OEF's Specifications; and (2) exercise adequate quality controls and sufficient capacity to supply the needs of OEF's franchise network promptly and reliably over an extended period of time. OEF may designate itself, its Affiliate or a third party as an approved or designated supplier or as the sole approved or designated supplier of any item, in its sole discretion. Franchisee agrees that OEF and its Affiliates may receive and retain any and all rebates, discounts, email distribution lists, information and other benefits generated based upon Franchisee's purchases and leases including, without limitation, from charging Franchisee for products and services OEF or its Affiliates provide to Franchisee and from payments made to OEF or its Affiliates by suppliers that OEF designates or approves, and, in OEF's sole discretion, such funds may be used towards the costs of OEF's annual franchise convention or may be transferred to the BDF. OEF may publish the Specifications for these required purchases in the Franchise Operations Manual and in other written, electronic or digital communications to Franchisee.

If Franchisee desires to purchase any item or use any item or service that has not been approved by OEF, or if Franchisee wishes to purchase or lease any such item from a supplier that has not been approved by OEF, Franchisee must first inquire whether or not a variance for the product, service or vendor is an option. If it is, Franchisee must submit a written request for approval to OEF. OEF reserves the right to charge a non-refundable fee to evaluate the proposed product, service or supplier. Franchisee is prohibited from purchasing or leasing any item unless the item and the supplier have been approved in writing by OEF. OEF is not required to approve any particular item or supplier. OEF may require Franchisee to submit information, specifications and samples to OEF to enable OEF to determine whether (1) the item complies with OEF's Specifications and (2) the supplier meets OEF's criteria. OEF reserves the right to send its representatives to inspect the proposed supplier's facilities and to have samples from the supplier delivered to OEF or to an independent laboratory designated by OEF for testing. OEF may condition its approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, frequency of delivery, standards of service or any other criteria. OEF reserves the right to inspect from time to time the facilities and products of any approved supplier and to revoke any approval of any supplier if the supplier fails to continue to meet any of OEF's criteria. If OEF revokes the approval of any supplier, Franchisee agrees to immediately discontinue use of that supplier. Franchisee's failure to comply with the provisions of this Section 13.H will be deemed to be a material default of this Agreement.

OEF has developed, and may continue to develop, certain products and services for the System, which are proprietary to OEF and which may be identified by the Marks. In order to maintain the quality and uniformity of production and use of such products in the Franchise and in the System, OEF shall control the production and distribution of such products. If such products become a part of the System, Franchisee will be required to use only OEF's proprietary products and Franchisee must purchase such items solely from OEF or from its Affiliates or from an approved supplier, as OEF may designate, in its sole discretion.

Franchisee agrees to maintain, at all times, credit card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, near field communication vendors (such as "Apple Pay" and "Google Wallet") and electronic-fund-transfer systems (together, "Credit Card Vendors") that OEF may periodically designate as mandatory. OEF has the right to modify its requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke its approval of any service provider. Franchisee agrees to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that OEF may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

OEF may restrict Franchisee from purchasing specific products from anyone other than OEF, its Affiliates or another single-source supplier designated by OEF, and if OEF imposes such restrictions, Franchisee shall purchase all such products pursuant to such restrictions.

I. STANDARDS OF SERVICE

Franchisee must at all times give prompt, courteous and efficient service to its customers. The Franchise must, in all dealings with its customers and suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee must maintain a competent, conscientious, trained staff and take steps necessary to ensure that its employees preserve good customer relations and comply with OEF's uniform standards. If a customer of the Franchise contacts OEF with a complaint, OEF may provide a refund or other value to the customer to address the issue, in which case Franchisee must reimburse OEF for its reasonable costs in responding to the complaint. Franchisee must sell or offer for sale only those services and products authorized by us and which meet our Specifications and may not sell products or services through any channels of distribution without our permission.

J. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall obtain and maintain in effect all required licenses, permits and certificates related to the operation of the Franchise and shall operate the Franchise in full compliance with all applicable federal, state and local laws, ordinances and regulations, including without limitation all government regulations pertaining to: (i) licensing and certification; (ii) occupational hazards and health; (iii) handling, storage, and disposal of chemicals and other materials of a similar nature; (iv) the Occupational Safety and Health Act; (v) environmental matters; (vi) workers' compensation; (vii) insurance; (viii) unemployment insurance and withholding; (ix) payment of federal and state income taxes, Social Security taxes and sales taxes; and (x) the United States Postal Service's regulations of Commercial Mail Receiving Agencies;

(2) Franchisee must notify OEF in writing within five days after the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award of

decree, by any court, agency, or other governmental entity which may adversely affect the operation or financial condition of Franchisee or the Franchise; and

(3) All marketing and promotion by Franchisee must be completely factual and must conform to the highest standards of ethical marketing. Franchisee agrees to refrain from any business or marketing practice or personal conduct which may be injurious to the business of OEF and the goodwill associated with the Marks and other Office Evolution franchises.

K. MODIFICATION TO SYSTEM

In the exercise of OEF's sole business judgment, OEF may from time to time modify any components of the System and requirements applicable to Franchisee by means of modifications to the Franchise Operations Manual or otherwise, including, but not limited to: (1) altering the products, services, programs, methods, standards, accounting and Computer Systems, forms, policies and procedures of the System; (2) adding to, deleting from or modifying the products or services which Franchisee must offer from its Office Evolution franchise; (3) modifying or substituting the equipment, signs, trade dress and other characteristics that Franchisee is required to adhere to; and (4) changing, improving, modifying or substituting for the Marks. Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. Franchisee agrees to implement any such System modifications as if they were part of the System at the time Franchisee signed this Agreement.

L. MANAGEMENT /CONFLICTING INTERESTS

(1) The Franchise must at all times be under the direct, day-to-day, full-time supervision of Franchisee, Representative or the Business Center Manager who has satisfactorily completed OEF's training program. If a Business Center Manager supervises the Franchise, Franchisee or the Representative must remain active in overseeing the operations of the Franchise conducted under the supervision of the Business Center Manager. The Representative (or Franchisee) or Business Center Manager (or both, as may be required by Franchisor) must attend all meetings scheduled and conducted by OEF for the purpose of further training, educating or informing the individual supervising day-to-day operations of the System.

(2) Franchisee must at all times faithfully, honestly and diligently perform Franchisee's obligations under this Agreement and must continuously exert best efforts to promote and enhance the Franchise. The person who is responsible for the day-to-day supervision of the Franchise must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise conflicts with such person's responsibility to manage and operate the Franchise.

(3) If at any time the Franchise is not being managed by Franchisee (or the Representative, if Franchisee is an entity) or an approved Business Center Manager who has satisfactorily completed OEF's training program, OEF is authorized, but is not required, following the notice of default and a 30-day cure period, to appoint a manager to maintain the operations of the Franchise for and on behalf of Franchisee. OEF's appointment of a manager of the Franchise does not relieve Franchisee's obligations or constitute a waiver of OEF's right to terminate this Agreement pursuant to Section 20. OEF is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchise or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchise while it is managed by OEF's appointed manager. OEF has the right to charge a fee of \$500 per day plus expenses for management services and has the right to cease to provide management services at any time.

(4) After execution of this Franchise Agreement, OEF will provide Franchisee with an Office Evolution franchise email address and Franchisee must check this email address on a regular basis. This Office Evolution franchise email address the only email address that OEF will use to communicate with Franchisee, and Franchisee must only use this Office Evolution franchise email address for any email communications related to the Franchise.

M. MEMBERSHIPS FROM CLIENTS OF OTHER LOCATIONS

Franchisee shall honor the memberships of clients of other Office Evolution franchises, or of other Office Evolution businesses operated by OEF and its Affiliates, and shall allow such members of those franchises and businesses to use the Business Center at the same rates offered to clients of Franchisee.

14. INSURANCE

A. Franchisee must obtain and maintain in full force at all times during the term of this Agreement, at Franchisee's expense, on a primary, rather than a participatory basis with OEF, an insurance policy or policies protecting Franchisee and OEF and its Affiliates, successors and assigns, and their officers, directors, shareholders, partners, agents, representatives, independent contractors and employees against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the operation of the Franchise.

B. The insurance company must be authorized to do business in the state where your Business Center is located and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. The insurance policy or policies must be written by a responsible carrier or carriers acceptable to OEF and must name OEF as an additional named insured, and must include minimum coverage in accordance with Specifications established by OEF from time to time in the Franchise Operations Manual or otherwise in writing, which we may modify or increase from time to time, and which as of the effective date hereof must meet all of the following:

(1) Comprehensive General Liability Insurance, including contractual liability, property damage, personal injury, and products liability coverage in the amount of \$1,000,000 each occurrence and \$2,000,000 annual aggregate;

(2) "All Risks" coverage for the full cost of replacement of the Franchise Business Center and all other property in which OEF may have an interest;

(3) If Franchisee uses a vehicle as part of the Franchise, automobile liability coverage, including coverage of owned, non-owned and leased vehicles, with single limit coverage in the amount of \$1,000,000;

(4) Employer's Liability in the amount of \$500,000 for bodily injury by accident and \$500,000 for bodily injury by disease;

(5) Worker's compensation insurance in amounts required by applicable law or rule of the state and locality where the Franchise is located, or, if permissible under applicable law, employers liability insurance with similar compensation for injured workers satisfactory to OEF;

(6) An umbrella policy covering all Office Evolution franchises operated by Franchisee which would cover any excess claims arising from the operation of those Franchises in the amount of \$2,000,000 in the aggregate;

(7) Business interruption insurance to cover actual loss sustained for up to 12 months based on net income that would have been earned from the operation of the Franchise during that time period; and

(8) Any other insurance as may be required by the state or locality in which the Franchise is located and operated.

C. All public liability and property damage policies must contain a provision that OEF is entitled to recover under these policies on any loss by OEF or its representatives, agents or employees by reason of the negligence of Franchisee or its representatives, agents or employees.

D. At least 30 days before the Franchise opens for business, Franchisee must deliver or cause to be delivered to OEF, a copy of the Certificate of Insurance in accordance with these requirements. All insurance policies must expressly provide that a minimum of 30 days' prior written notice shall be given to OEF in the event of a material alteration to, or cancellation of, the policies.

E. OEF may upon written notice to Franchisee increase the required insurance coverage, and within a reasonable time after such notice, Franchisee must use reasonable efforts to obtain and maintain such insurance based on such requirements.

15. MARKETING

Recognizing the value of marketing and the importance of uniform marketing programs to further the goodwill and public image of the System, the parties agree that OEF will develop and administer marketing, public relations, social media programs and sales promotion programs, each designed to promote and enhance the collective success of all Office Evolution franchises in the System. It is expressly understood, acknowledged and agreed that in all phases of such marketing and promotion, including, without limitation, type, quantity, timing, placement and choice of media, social media, market areas, selection of marketing consultants and public relations firms, OEF's decision shall be final and binding. Franchisee must participate actively in such marketing, social media, public relations and sales promotion programs, and shall comply with all terms and conditions established by OEF for each such program.

A. BRAND DEVELOPMENT FUND

OEF will institute, maintain and administer a Brand Development Fund ("BDF") and direct all BDF programs, with sole discretion over the creative concepts, materials, endorsements and media used and the placement and allocation of all marketing and public relations materials. OEF has the right to determine, in its sole discretion, the composition of all geographic territories and market areas for the development and implementation of social media, marketing and public relations programs. The BDF's programs and activities are intended to maximize public awareness of all Franchises, and OEF is under no obligation to ensure that Franchisee or any particular Franchise benefits directly or *pro rata* from the placement of such marketing and public relations programs and activities.

The BDF may be used to meet all costs and expenses related to the following programs and activities:

- (1) Maintaining, administering, directing and preparing national, regional or local marketing materials, social media programs and public relations activities, including, without limitation, the cost of preparing and conducting Internet and social media, marketing, radio, direct mail, magazine, billboard, newspaper and other media programs and activities;
- (2) Employing marketing agencies and utilizing OEF's administrative personnel to perform marketing and public relations services;
- (3) Developing promotional brochures and marketing materials, including, without limitation, point of sale materials for all Office Evolution franchises for purchase by franchisees and by regional and local marketing cooperatives;
- (4) Conducting market research, testing and development of new products, services and equipment considered for Office Evolution franchises;
- (5) Reimbursement of OEF's costs, associated with marketing, social media, telemarketing, public relations, market research, product development, testing, customer satisfaction, guest loyalty and consumer research, including payments to third parties and OEF's personnel and administrative and overhead costs, including, independent audits, accounting, legal expenses, payroll and taxes, and any expenses related thereto for;
- (6) Annual franchisee convention costs;
- (7) Regional and national advertising;
- (8) Technology-related costs to develop and promote Office Evolution franchises;
- (9) Internal client communication, networking and education; and
- (10) BCM Certification and sales training.

Upon opening of business at the Franchise, Franchisee must make the BDF Contribution which will be collected by OEF in accordance with Section 12.

OEF may spend in any fiscal year an amount greater or less than the aggregate contributions of franchisees to the BDF in that year and OEF may make loans to the BDF, or invest any surplus funds use in future fiscal years.

The media in which the marketing may be disseminated may include social media, print, point of purchase, radio, direct mail, electronic, digital and billboard and other channels of communication. The media coverage may be local, regional or national. The source of the marketing may be in-house marketing personnel, or a marketing agency, or consultant. Franchisee may utilize Franchisee's own marketing material subject to submission to OEF's written approval of the content.

OEF will account for the BDF separately and it will not be used to defray any of OEF's general operating expenses, except for salaries, administrative costs and overhead as OEF may incur in activities related to the development of social media and marketing materials and for the administration or direction of the BDF and its programs and activities as outlined above, and for collecting and accounting for

contributions to the BDF. OEF will prepare an unaudited annual report of the operations of the BDF, which is available to Franchisee upon reasonable request.

Although the BDF is intended to be perpetual, OEF may terminate the BDF at any time in OEF's sole discretion. The BDF will not be terminated until all moneys paid to the BDF have been expended for the activities of the BDF and/or unused contributions are distributed pro rata to contributing franchisees.

Marketing materials, direct mail materials, merchandising materials, special promotions and public relations materials may be produced by the BDF for purchase by Franchisee and by local or regional marketing cooperatives.

B. OPENING MARKETING CAMPAIGN

Franchisees with a standard size Business Center (8,000 to 12,000 square feet) must spend at least \$25,000 on grand opening marketing and advertising ("Opening Marketing Campaign") for the Franchise. Franchisees with Business Centers larger than 12,000 square feet must spend at least \$35,000 on an Opening Marketing Campaign. Franchisee's Opening Marketing Campaign will begin during the period when Franchisee signs the Agreement and end approximately two months after opening its Franchise.

C. LOCAL MARKETING

(1) In addition to the BDF Contribution, Franchisee shall spend a minimum monthly amount as shown on the following table on local marketing and public relations activities designed to build brand awareness and recruit clients within Franchisee's market area (collectively, along with the requirement in Section 15B ("Local Advertising Requirement"). Franchisee must provide OEF with (1) a quarterly accounting of the local marketing and public relations activities and expenditures and (2) other periodic reports of such activities and expenditures as may be requested by OEF.

Months Before or After Opening	Required Minimum Monthly Local Advertising Requirement (Business Center less than 12,000 sq. ft.)	Required Minimum Local Advertising Requirement (Business Center more than 12,000 sq. ft.)
Prior to opening	\$12,500 total*	\$17,500 total*
Two (2) months after opening	\$12,500 total*	\$17,500 total*
Months 3 through 12 after opening	\$3,000 per month averaged over any three consecutive months	\$3,000 per month averaged over any three consecutive months
Month 13 through 24 after opening	\$2,000 per month averaged over any three consecutive months	\$2,000 per month averaged over any three consecutive months
Month 25+ after opening	5% of Net Billings less amount paid to Brand Development Fund Contribution	5% of Net Billings less amount paid to Brand Development Fund Contribution

*This amount is the Opening Marketing Campaign described above.

(2) Through the BDF, OEF may furnish Franchisee approved local marketing plans and materials.

(3) If Franchisee's expenditures for local marketing activities are less than the amount Local Advertising Requirement, Franchisee must immediately pay the difference between the amount spent and the Local Advertising Requirement to the BDF.

(4) OEF may, in its sole discretion, reduce or eliminate the Local Advertising Requirement upon written request to us after the Franchise has been in operation for more than thirty-six (36) months if the Franchise has sustainable and reliable profitability.

D. REGIONAL OR LOCAL MARKETING COOPERATIVE

(1) Franchisee agrees that OEF shall have the right, in its sole discretion, to designate any geographic area in which two or more Office Evolution franchises are located as a region for purposes of establishing a marketing cooperative ("Cooperative"). The members of the Cooperative for any area shall, at a minimum, consist of all Office Evolution franchisees located within that area. Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, determined in advance by OEF in its sole discretion. Each Cooperative shall be organized for the exclusive purposes of administering marketing programs and developing, subject to OEF's approval, promotional materials for use by members in local or regional marketing. If at the time of execution of this Agreement, a Cooperative has been established for a geographic area that encompasses the Franchise, or if any such Cooperative is established during the term of this Agreement, Franchisee shall execute, upon OEF's request, all documents required by OEF and shall become a member of the Cooperative pursuant to the terms of those documents. Contributions to the Cooperative shall be credited to Franchisee's obligation to spend the Local Advertising Requirement.

(2) Franchisee shall contribute to the Cooperative in the amounts required by the documents governing the operation of the Cooperative; provided, however, Franchisee will not be required to contribute more than the Local Advertising Requirement to the Cooperative. Locations owned or operated by OEF within the Cooperative's area will contribute on the same basis.

(3) Franchisee shall submit to the Cooperative and to OEF such statements and reports as may be required by OEF or by the Cooperative. All contributions to the Cooperative shall be maintained and administered in accordance with the documents governing the Cooperative. The Cooperative shall be operated solely for the purpose of collection and expenditure of the Cooperative fees for the purposes outlined above. No marketing or promotional plans or materials may be used by the Cooperative or furnished to its members without the prior approval of OEF.

E. APPROVAL OF MARKETING MATERIALS

Franchisee must order all sales and marketing materials from OEF or OEF's approved suppliers, if available. Before their use by Franchisee, samples of all local marketing, public relations, promotional materials and internal signage, not prepared by or previously approved by OEF must be submitted to OEF for approval, which shall not be unreasonably withheld. Local marketing, public relations and promotional materials prepared by Franchisee shall be prepared in accordance with OEF's Specifications. If written disapproval is not received by Franchisee within 15 days after the date of receipt by OEF of any submitted materials, this will be deemed a disapproval of Franchisee's request. If OEF notifies Franchisee to cease using any such materials after they have been approved, Franchisee will immediately cease using such materials. In such event, OEF will reimburse Franchisee for its actual costs, if the marketing materials have not violated OEF's standard of trademark usage. Franchisee must follow OEF's policies for online advertising, and OEF may restrict Franchisees use of social media or the Internet. Franchisee must not use any marketing or promotional materials that OEF has disapproved. If we approve of any promotional items or services that will be sold at or through the Franchise, such items or services must be in your Net Billings

and will be subject to the fees set forth in Section 12. If Franchisee uses unauthorized advertising, Franchisee must pay a fee of \$500 per occurrence to the BDF.

F. PRICING

OEF may exercise rights with respect to the pricing of products and services to the fullest extent permitted by then-applicable law to enhance the competitive position and consumer acceptance of OEF's products and services and because this objective is consistent with the long term interest of the System.

These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which Franchisee may charge customers for the products and/or services offered and sold at Franchisee's Office Evolution franchises; recommending retail prices; advertising specific retail prices for some or all products or services sold at the Office Evolution franchise, which prices Franchisee will be required to observe; engaging in marketing, promotional and related campaigns which Franchisee must participate in and which may directly or indirectly establish Franchisee's retail prices for products and services offered at the Office Evolution franchises; and, otherwise mandating, directly or indirectly the maximum and/or minimum retail prices which Franchisee may charge the public for the products and services offered by Franchisee at its Business Center.

OEF may engage in any such activity either periodically or throughout the term of this Agreement. Further, OEF may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. Franchisee acknowledges and agrees that any maximum, minimum or other prices prescribed or suggested by OEF may or may not optimize the revenues or profitability of Franchisee's Franchise and Franchisee irrevocably waives any and all claims arising from or related to OEF's prescription or suggestion of retail prices for products or services at Franchisee's Franchise.

G. ADVISORY COUNCIL

OEF currently has, and Franchisee agrees to participate in, if requested, an advisory council(s) of franchisees to consult with and advise OEF on various matters affecting franchisees. OEF selects franchisees to serve on any such committee or council, but OEF will retain all decision making authority and responsibility for such matters and will reasonably consider the recommendations of the council. Each member will have one vote. The council will serve in an advisory capacity only. OEF has the exclusive right to form, change or dissolve any such council.

16. RECORDS AND REPORTS

A. Franchisee must maintain during the term of this Agreement, and must preserve for at least 3 years from the dates of their preparation, full, complete and accurate books, records and accounts including payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, using the chart of accounts described by OEF in the Franchise Operations Manual.

B. If Franchisee uses a separate accounting system from the systems OEF has in place, Franchisee must integrate its separate system with OEF's systems in a manner that gives OEF the ability to view Franchisee's financial information for its operation of the Franchise on a fully transparent basis. In addition, Franchisee must comply with the following reporting obligations:

(1) At Franchisee's expense and if requested by OEF, submit to OEF, in the form OEF reasonably prescribes in the Franchise Operations Manual or otherwise in writing, an unaudited profit and

loss statement and a balance sheet for each month for Franchisee within 20 days after the end of each month during the term of this Agreement;

(2) Franchisee must, at its expense, provide to OEF annual financial statements (which may initially be unaudited subject to OEF's right to later require audited financials) reviewed by an independent certified public accountant in accordance with GAAP within 105 days after the end of each calendar year, showing the results of operations and the financial condition of the Franchise and Franchisee and reconciling Net Billings per GAAP to Net Billings per this Agreement; and

(3) Franchisee must timely submit to OEF any other forms, reports, records, information and data as OEF may reasonably request. If Franchisee fails to submit any required report or financial statement when due, OEF may charge Franchisee a fee of \$100 per occurrence and \$100 per week until the required report is submitted.

C. OEF or its designees shall have the right at all reasonable times to review, audit, examine and copy any and all of the books and records, cash control devices, sales and income tax records of Franchisee. Franchisee shall make such books and records available to OEF or its designees at the time of request and cooperate with OEF, its representatives and any independent accountants hired by OEF.

D. Franchisee authorizes OEF to disclose data from Franchisee's reports, if OEF determines, in its sole discretion that disclosure is necessary or advisable, including, without limitation, disclosure to prospective franchisees or existing Franchisees or to other third parties.

E. Franchisee must provide to OEF, on a quarterly basis, accurate reporting of all marketing expenditures.

F. If requested by OEF, Franchisee shall use OEF's designated vendor for accounting support and shall pay all costs associated with the products and services provided by such vendor.

17. INSPECTION AND AUDITS

A. OEF'S RIGHT TO INSPECT THE BUSINESS CENTER

(1) To determine whether Franchisee is complying with this Agreement, OEF has the right at any time during business hours, to inspect the Franchise. Franchisee must fully cooperate with representatives of OEF making any inspection and must permit representatives of OEF to take photographs, movies or videotapes of the Franchise and to interview employees and customers of the Franchise, as long as Franchisee's ability to operate the Franchise is not impeded. OEF and its employees must identify themselves as employees of OEF immediately upon arrival at the Franchise. Franchisee has the right to request and receive copies, within ten days after departure, of all reports, transcripts, videotapes, tape recordings, photographs and films made by any and all persons visiting the Franchise in that capacity.

(2) OEF's authorized representatives may enter upon the Business Center at any time during normal business hours following reasonable prior notice to Franchisee and at any other reasonable time, for the purpose of determining whether the business of the Franchise is being conducted in accordance with OEF's Specifications, the requirements of the Franchise Operations Manual and the commercially reasonable and material terms of this Agreement. If any inspection indicates any deficiencies, Franchisee will initiate correction or repair of the deficiency as soon as commercially and reasonably possible after Franchisee receives a written report of a deficiency from OEF. If the deficiency is one that Franchisee has a right to cure under the termination provisions of this Agreement, Franchisee will not be in default if Franchisee begins the necessary correction or repairs as soon as commercially and reasonably possible, and

diligently pursues the work to completion. If the deficiency is one that imminently threatens the health or safety of Franchisee's employees or the consumer public, OEF may, as an alternative to terminating this Agreement, require Franchisee to cease operating the effected Franchise until the deficiency is substantially corrected.

B. OEF'S RIGHT TO EXAMINE BOOKS AND RECORDS

OEF has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns and other books and records of the Franchise and the books and records of Franchisee that relate in any way to the Franchise. Franchisee must maintain all books, records and supporting documents at all times at the Business Center or at another location approved by OEF. Franchisee must fully cooperate with representatives of OEF and independent accountants hired by OEF to conduct any examination or audit.

18. TRANSFER OF INTEREST

A. BY OEF

OEF has the absolute right to transfer or assign this Agreement and all or any part of its rights and obligations to any person or legal entity, without the consent or approval of Franchisee, provided, however, that such person or legal entity shall expressly agree to assume OEF's obligations under this Agreement. This Agreement shall inure to the benefit of, and be binding on, the successors and assigns of OEF.

B. FRANCHISEE MAY NOT ASSIGN WITHOUT APPROVAL OF OEF

Franchisee understands and acknowledges that the (i) rights and duties created by this Agreement are personal to Franchisee and the Principals and (ii) OEF entered into this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee and the Principals. Unless otherwise expressly permitted by the terms of this Agreement, any assignment, sale, conveyance, pledge, sublicense or sub-franchise arrangement or any other attempted transfer, either directly or indirectly, of (1) any interest in this Agreement, (2) any interest in the Franchise, (3) any of the assets of Franchisee related to the operation of the Franchise or (4) any interest in Franchisee that changes who ultimately controls the operations of Franchisee (including by merger or consolidation, by issuance of additional securities, by conversion, by creation of an additional interest, through a divorce proceeding, by will or transfer in trust or the laws of the intestate succession), without OEF's prior written approval (subject to Section 18.C. below) shall be void and have no effect and shall not transfer any rights to or interests in this Agreement or the Franchise, and shall be deemed a material breach of this Agreement by Franchisee.

C. CONDITIONS FOR APPROVAL OF ASSIGNMENT

If Franchisee and its owners are in substantial compliance with this Agreement, OEF shall not unreasonably withhold its approval of an assignment of this Agreement (or any of the other transfers requiring OEF's approval). The proposed assignee must meet Franchisor's then-applicable specifications for franchisees. OEF may require that any one or more of the following conditions be met before, or concurrently with, the effective date of such assignment:

(1) All accrued monetary obligations of Franchisee or any of its Affiliates and all other outstanding obligations to OEF or any of its Affiliates arising under this Agreement must be satisfied in a

timely manner and Franchisee must satisfy all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(2) Franchisee and its Affiliates must not be in default of any material provisions of this Agreement;

(3) The transferor and its Principals (if applicable) must execute a general release in a form satisfactory to OEF, of any and all claims against OEF, its Affiliates and the past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement between OEF and Franchisee and federal, state and local laws, rules and regulations;

(4) The transferee must enter into a written assignment agreement, in a form satisfactory to OEF, assuming all the duties, obligations, responsibilities and accountabilities of Franchisee under this Agreement;

(5) The transferee must execute, (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of this Agreement, the standard form of franchise agreement then being offered to new franchisees and all other ancillary agreements (including, but not limited to, Owners Agreement or other guaranty) as OEF requires for the Franchise which agreement supersedes this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms in this Agreement, but providing for the same Protected Territory, Royalty and BDF Contribution established in this Agreement; provided, however, that the transferee will not be required to pay any initial franchise fee;

(6) Unless Franchisee has met the requirements of Section 6.H within the 5 year period immediately preceding the transfer, the transferee, at its expense, must renovate, modernize and otherwise upgrade the Franchise to conform to the then-current Specifications of the System, and must complete the upgrading and other requirements within the time period OEF reasonably specifies subject to the other terms and conditions of this Agreement;

(7) The transferor remains liable for all the obligations to OEF in connection to the Franchise incurred before the effective date of the transfer and must execute any and all instruments OEF reasonably requests to evidence that liability;

(8) At the transferee's expense, the transferee and the transferee's Management Team, must complete any training programs then in effect for new franchisees of Office Evolution upon terms and conditions OEF reasonably requires;

(9) Payment of the transfer fee stated in Section 12.M.;

(10) Payment of any broker fees if the transferee was introduced by or through a broker with whom OEF has a referral fee arrangement;

(11) OEF approves the material terms and conditions of the assignment and determines in its reasonable discretion that the price and terms of payment are not so burdensome as to materially affect the future operations of the Franchise by the transferee;

(12) Franchisee (and each of its owners, members, or partners, if Franchisee is a corporation, limited liability company or partnership) must execute a non-competition covenant in favor of

OEF and the assignee, agreeing that for a minimum period of two years, commencing on the effective date of the assignment, he will not have any direct or indirect interest as an owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located within the Protected Territory or within the protected territory granted any other franchisee or within a 5-mile radius of any Office Evolution franchise; and

(13) Franchisee must have complied with OEF's right of first refusal under Section 18.G. of this Agreement.

D. DEATH OR DISABILITY OF FRANCHISEE

(1) Upon the death or permanent disability of Franchisee (or the Representative, if Franchisee is an entity), the executor, administrator, conservator or other personal representative of that person, or the remaining owners if Franchisee is an entity, must appoint a competent replacement for such individual within a reasonable time, not to exceed 30 days from the date of death or permanent disability. The appointed individual must attend and successfully complete OEF's training program within 120 days of the appointment. If the Franchise is not being managed by a OEF approved manager within 30 days after the death or permanent disability, OEF is authorized, but is not required, to immediately appoint a replacement manager to maintain the operations of the Franchise for and on behalf of Franchisee until an approved replacement manager is able to assume the management and operation of the Franchise. OEF's appointment of a manager does not relieve any of Franchisee's obligations, and OEF is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchise or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchise during any period in which it is managed by OEF's appointed manager. OEF has the right to charge a fee of \$500 per day, plus expenses, for management services and to cease to provide management services at any time.

(2) In addition to the obligation to appoint a replacement manager set forth in Section 18.D.(1) above, the executor, administrator, conservator or other personal representative of that person must also transfer the interest of such person to another person or entity that OEF approves within a reasonable time, not to exceed 12 months after the date of death or permanent disability. Approval of such transfer will not be unreasonably withheld by OEF. Transfers, including transfers by devise or inheritance, are subject to all the terms and conditions for assignments and transfers contained in Sections 18.B. and 18.C., except no transfer fee shall be due upon such death or disability. Failure to transfer this interest as required by this Agreement shall constitute grounds for termination.

E. ASSIGNMENT TO A CORPORATION OR LIMITED LIABILITY COMPANY

(1) Notwithstanding the other provisions of this Section 18 of this Agreement, upon 30 days' prior written notice to OEF and without payment of a transfer fee (i) this Agreement and the assets and liabilities of the Franchise may be assigned to an entity that conducts no business other than the operation of the Franchise (or other Office Evolution franchises under franchise agreements granted by OEF) which is actively managed by Franchisee and in which Franchisee owns a minimum of fifty-one percent (51%) of the voting power of all issued and outstanding equity interests and otherwise controls such entity and (ii) each of the Principals may transfer, sell or assign their respective interests in Franchisee so long as such transfer, sale or assignment does not change who owns the ultimate controlling interest in Franchisee. An assignment does not relieve Franchisee's obligations, and Franchisee remains jointly and severally liable with the transferee for all such obligations. The governing documents of any such entity must recite that the issuance and assignment of any equity interest is restricted by the terms of this Agreement and all issued and outstanding certificates must bear a legend reflecting or referring to the restrictions on transfer set forth in this Agreement.

(2) A transfer of this Agreement, any franchise or an ownership interest in Franchisee to an immediate family member, or to a trust for the purpose of estate planning, is not subject to this Section 18.E.(2). For purposes of this paragraph, an immediate family member is limited to a spouse and/or a living child or living children or living grandchildren or a trust for the benefit of such persons or such transferee; and

(3) Any owner of Franchisee that holds a beneficial ownership interest, must execute the Owners Agreement attached hereto as Attachment B or OEF's then-current standard form. Franchisee must furnish to OEF, at any time upon request, a certified copy of its governing documents and a list, in a form OEF requires, of all owners of record and all other persons having beneficial ownership in Franchisee reflecting their respective interests in Franchisee.

F. PUBLIC OR PRIVATE OFFERINGS

(1) Franchisee acknowledges that the written information used to raise or secure funds can reflect upon OEF. Franchisee agrees to submit any written information intended to be used for that purpose to OEF before its inclusion in any registration statement, prospectus or similar offering circular or memorandum. This requirement applies under the following conditions: if Franchisee attempts to raise or secure funds by the sale of securities in Franchisee or any Affiliate of Franchisee (including common or preferred stock, bonds, debentures or general or limited partnership interest) and if any of its owners attempt to raise or secure funds by the sale of securities in Franchisee or any Affiliate of Franchisee (including common or preferred stock, bonds, debentures or general or limited partnership interests) Franchisee (or any of its owners) agrees not to use the written materials submitted to OEF or any other written materials to raise or secure funds unless and until OEF approves of the language. No information respecting OEF or any of its Affiliates shall be included in any securities disclosure document, unless that information has been furnished to OEF, in writing, pursuant to the written request of the Franchisee. The written request shall state the specific purpose for which the information is to be used. Should OEF, in its sole discretion, object to any reference to OEF or any of its Affiliates or any of their businesses in the offering literature or prospectus, the literature or prospectus shall not be used unless and until the objections of OEF are withdrawn. OEF assumes no responsibility for the offering whatsoever. The written consent of OEF pursuant to this Section 18.F. does not imply or constitute the approval of OEF with respect to the method of financing, the offering literature submitted to OEF or any other aspect of the offering.

(2) The prospectus or other literature utilized in any offering must contain the following language in bold-face type on the first textual page:

“NEITHER OE FRANCHISE, LLC, NOR ANY OF ITS AFFILIATES, IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER OE FRANCHISE, LLC, NOR ANY OF ITS AFFILIATES, ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. OE FRANCHISE, LLC NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”

(3) Franchisee shall indemnify, defend and hold harmless OEF and its Affiliates, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities and all costs and expenses (including reasonable attorneys' fees) incurred by OEF as the result of the offer or sale of securities. This Agreement applies to any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorney's fees) asserted by a purchaser of any security or by a governmental

agency. OEF has the right (but not the obligation) to defend any claims, demands or liabilities and/or to participate in the defense of any action to which OEF or any of its Affiliates or any of their respective officers, directors, employees or agents is named as a party.

G. OEF'S RIGHT OF FIRST REFUSAL

If Franchisee or any Principal which owns a controlling interest or otherwise controls the operation of Franchisee, at any time determines to sell or to transfer for consideration this Agreement, the Franchise (or an interest therein) or its ownership interest in Franchisee, and desires to accept a bona fide, written offer from a responsible and fully disclosed purchaser, Franchisee must submit an exact copy of the offer to OEF. OEF has the right of refusal, exercisable by written notice delivered to Franchisee or such Principal(s) within 30 days after its receipt of notification (and an exact copy of such offer) exercising the right to purchase at the price and on the terms and conditions contained in the offer, provided that OEF may substitute cash for any form of payment proposed in the offer and has a minimum of 60 days to prepare for closing. If OEF does not exercise its right of first refusal, Franchisee (or its Principals) may complete the sale pursuant to and on the exact terms of the offer and in accordance with Sections 18.B. and 18.C., provided that if the sale to purchaser is not completed within 120 days after delivery of the offer to OEF, or if there is a material change in the terms of the sale, the right of first refusal shall restart from the beginning. OEF has the right to assign its right of first refusal. A transfer of this Agreement, the Franchise or an ownership interest in Franchisee to an immediate family member or to a trust for the purpose of estate planning, is not subject to OEF's right of first refusal. For purposes of this paragraph, an immediate family member is limited to a spouse and/or a living child or living children or living grandchildren or a trust for the benefit of such persons or such transferee.

19. RENEWAL OF FRANCHISE

A. FRANCHISEE'S RIGHT TO RENEW

If, upon expiration of the initial term of this Agreement:

(1) Franchisee has during the term of this Agreement substantially complied with all its provisions, including without limitation, the notice of renewal provisions set forth below in Section 19.B. and the conditions set forth below in Sections 19.C. and 19.D.; and

(2) either (i) Franchisee maintains possession of and agrees to refurbish and decorate the Business Center, replace fixtures, equipment, signs, and otherwise modify the Franchise, in compliance with Specifications then-applicable to new Office Evolution franchises unless Franchisee has upgraded the Business Center pursuant to the provisions of Section 6.H. during the previous three years; or (ii) Franchisee is unable to maintain possession of the Business Center, or in the judgment of OEF the Franchise should be relocated, and Franchisee secures a substitute location within the Protected Territory that does not impede the development and operation of any other Office Evolution franchise and agrees to develop a new location in compliance with Specifications then-applicable to new Office Evolution franchises; then Franchisee has the right to renew for an additional term equal to five years ("Renewal Term"). If Franchisee meets these requirements and any other conditions set forth herein (and in any subsequent Franchise Agreement) at the end of the Renewal Term and executes OEF's then-current Franchise Agreement for the grant of franchises, then Franchisee will have the right to renew the Franchise for up to a maximum of three (3) additional five (5) year renewal terms subject to a maximum total term of twenty-five (25) years, including all renewal terms. Franchisee must pay OEF the renewal fee stated in Section 12.N. at the time Franchisee gives OEF notice of its desire to renew.

B. NOTICE OF RENEWAL AND NONRENEWAL

Franchisee must give OEF written notice of Franchisee's election to renew at least seven months but no more than 12 months before the end of the initial term or any renewal term, and Franchisee must comply with all of the conditions set forth in this Section 19 which must, in OEF's discretion, be met before or at the time of such renewal. If OEF does not receive written notice of Franchisee's election to renew at least seven months but no more than 12 months before the expiration of the then-current term, this Agreement shall expire at the end of such term. If OEF does receive such written notice, then OEF must determine whether Franchisee has the right to renew the Franchise based on the criteria set forth above in Section 19.A. and as set forth in this Section 19.B. If OEF determines that Franchisee does not have the right to renew the Franchise based on these criteria, OEF shall give Franchisee written notice ("Notice of Nonrenewal") of its determination at least four months before the expiration of such term. The Notice of Nonrenewal from OEF shall state the reasons for OEF's refusal to renew the Franchise, and may include, without limitation, the failure of Franchisee to comply with the terms and conditions of this Agreement.

If the reasons cited by OEF in the Notice of Nonrenewal are curable and are in fact cured by Franchisee, as reasonably determined by OEF, within 60 days after the date of the Notice of Nonrenewal, then the Notice of Nonrenewal will be of no further effect and the Franchise will be renewed for one additional term equal to five years, subject to compliance by Franchisee with the other conditions precedent to renewal set forth in this Section 19.

A Notice of Nonrenewal from OEF that states the reasons for nonrenewal include Franchisee's substantial defaults under the terms of this Agreement on three or more occasions (or any of the other termination events set forth in Section 20.) during the then-current term shall not be subject to a right to cure in favor of Franchisee and shall give OEF the right to allow this Agreement to expire at the end of such term.

C. RENEWAL FRANCHISE AGREEMENT

As a condition precedent to the renewal of the Franchise, OEF and Franchisee must execute the form of and be bound by OEF's then-current form of franchise agreement ("Renewal Franchise Agreement") and all ancillary agreements that OEF then customarily uses in the grant of franchises for the ownership and operation of Office Evolution franchises at the time of such renewal (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal for a five-year period). The Renewal Franchise Agreement shall supersede this Agreement and may contain terms and conditions materially different from the terms of this Agreement, such as, but without limitation: (1) increases in expenditures for marketing and promotion, (2) increases in fees (including, but not limited to, Royalties and BDF Contributions), (3) changes in the Protected Territory, and (4) implementation of new fees. OEF agrees that the Renewal Franchise Agreement will not reduce the number of renewal terms granted under Section 19.A. Failure by Franchisee to sign the Renewal Franchise Agreement (or the failure of a Principal to execute a guaranty if required by OEF) within 30 days after delivery to Franchisee shall be deemed an election by Franchisee not to renew the Franchise.

D. CONDITIONS FOR RENEWAL

In addition to the conditions and other requirements for renewal stated above in this Section 19, any or all of the following conditions may be required by OEF, in OEF's sole discretion, before or at the time of renewal:

(1) Franchisee must not be in default of any material provision of this Agreement, any amendment or successor agreement; and Franchisee must have substantially and timely complied with all the material terms and conditions of this Agreement and all other agreements with OEF and its Affiliates;

(2) Franchisee must have satisfied all monetary obligations owed by Franchisee to OEF and its Affiliates under this Agreement and any other agreements between Franchisee (or any of its Affiliates) and OEF (or its Affiliates) and must have timely met those obligations throughout the terms of those agreements;

(3) Franchisee must present satisfactory evidence that Franchisee has the right to remain in possession of the Business Center for the operation of the Franchise for the duration of the renewal term of this Agreement or secured a substitute location as required by Section 19.A.;

(4) Based upon an assessment of Franchisee's needs conducted by OEF prior to renewal, Franchisee must undertake such additional training, if any, as necessary to comply with OEF's then-current qualification and training requirements;

(5) Franchisee must repair or replace, at Franchisee's cost and expense, equipment (including electronic cash register or computer hardware or software systems, inclusive of any software license to Franchisee by OEF), signs, interior and exterior décor items, fixtures, furnishings or catering vehicles, if applicable, supplies and other products and materials required for the operation of the Franchise as OEF may reasonably require and must obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, supplies and other products and materials, which OEF may reasonably require for Franchisee to offer and sell new products or provide new services in the manner OEF specifies and may otherwise modernize the Business Center, equipment, décor, fixtures, furnishings, vehicles, supplies and other products and materials required for the operation of the Franchise, as OEF reasonably requires to reflect the then-current Specifications and overall image of the System, as contained in the Franchise Operations Manual or otherwise provided in writing by OEF unless Franchisee has complied with a request of OEF to upgrade the Business Center pursuant to the provisions of Section 6.H. during the previous three years; and

(6) Franchisee and the Principals must execute a general release, releasing OEF and its Affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, from all claims related to the Franchise and the Franchise including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations, or orders. If Franchisee is precluded by law from giving a general release, Franchisee shall execute an estoppel statement in a form reasonably acceptable to OEF.

E. EXPIRED AGREEMENT

If Franchisee does not comply with the renewal procedures outlined in this Section 19 prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of the term of this Agreement, then at the option of OEF, this Agreement may be treated either as:

(1) expired as of the date of expiration with Franchisee then operating without a Franchise to do so and in violation of OEF's rights; or

(2) continuing on a month-to-month basis ("Interim Period") until OEF or Franchisee provides the other party with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim

Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed upon Franchisee on the expiration of this Agreement shall be deemed to take effect upon the termination of the Interim Period.

20. TERMINATION

A. If Franchisee is in substantial compliance with this Agreement and OEF materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within 60 days after receiving written notice identifying the claimed breach, Franchisee has the right to terminate this Agreement unless the breach cannot reasonably be cured within such 60 days. If the breach cannot reasonably be cured in such 60-day period, Franchisee has the right to terminate this Agreement only if OEF does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

B. In OEF's sole discretion, OEF may terminate this Agreement (and all rights granted herein) immediately without notice to Franchisee, if: (1) Franchisee shall become insolvent or make a general assignment for the benefit of creditors; (2) a petition in bankruptcy is filed under any Chapter of Title 11 of the United States Code by Franchisee or such a petition is filed against Franchisee and not opposed by Franchisee; (3) a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; (4) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (5) proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; (6) final judgment remains unsatisfied or of record for 30 days or longer (unless an appropriate bond is filed); (7) the Franchisee entity is dissolved; (8) execution is levied against Franchisee's business or property; (9) if suit to foreclose any lien or mortgage against the Business Center or equipment of the Franchise is instituted against Franchisee and not dismissed within 30 days; or (10) the real or personal property of the Business Center shall be sold after levy thereupon by any sheriff, marshal or law enforcement officer.

C. Franchisee shall be in default under this Agreement and all rights granted by this Agreement may be terminated by OEF, in OEF's sole discretion, effective upon written notice to Franchisee if one or more of the following material breaches occur:

(1) Franchisee or any Principal is convicted of, or enters a plea of nolo contendere to, a felony, or a crime involving moral turpitude or any crime or offense OEF reasonably believes is likely to have an adverse effect on the System or the Marks or the goodwill associated therewith;

(2) Franchisee or any Principal undertakes any conduct of a negative moral turpitude which OEF believes is reasonably likely to have an adverse effect on the System, or the Marks or the goodwill associated therewith or if Franchisee;

(3) Franchisee or any of its Principals fails to comply with the covenants contained in Section 22 of this Agreement;

(4) Franchisee or a Principal discloses the contents of the Franchise Operations Manual or other Confidential Information in breach of this Agreement;

(5) There is an immediate threat or danger to public health or safety resulting from the operation of the Franchise;

(6) Franchisee or a Principal has made a material misrepresentation with its application for the Franchise;

(7) Franchisee abandons, surrenders or transfers control of, or loses the right to occupy, the Business Center without obtaining an alternative site in compliance with this Agreement or fails to actively operate the Franchise or attempts to transfer the Business Center or this Agreement, in each case without OEF's written consent;

(8) Franchisee fails on three separate occasions within any 12 consecutive month period (i) to submit when due financial statements, reports or other data, information or supporting records, (ii) to pay when due the Royalties, BDF Contributions, amounts due for purchases from OEF, or its Affiliates or other payments due to OEF, or (iii) to otherwise comply with this Agreement, whether or not failure to comply is corrected after notice is delivered to Franchisee;

(9) Franchisee suffers cancellation of or fails to renew or extend a lease or otherwise fails to maintain possession of the Business Center without OEF's written consent; or OEF is obligated to make any payments to Franchisee's landlord under a guaranty of the lease (if any) or otherwise;

(10) Franchisee maintains false books or records; or

(11) Noncompliance with Anti-Terrorism Laws (defined in Section 26).

D. If any of the events set forth below occur, Franchisee shall be in material default of this Agreement and OEF shall have the right to terminate this Agreement upon 30 days written notice to Franchisee (or the shorter period set forth below). The notice shall specify the default and provide Franchisee with 30 days (or the shorter period set forth below) in which to cure the default. Termination shall be effective upon the expiration of the 30 day period (or the shorter period set forth below) if Franchisee fails to cure the default without further notice to Franchisee. The occurrence of any one of the following shall be a material default and shall constitute good cause for termination of this Agreement:

(1) Franchisee fails to develop, or open and/or operate the Franchise in compliance with this Agreement;

(2) If Franchisee fails to designate a qualified replacement Representative as required by this Agreement;

(3) Franchisee misappropriates, or misuses or makes any unauthorized use of the Marks;

(4) Franchisee or any Principal attempts to transfer any right or obligation under this Agreement without complying with the provisions of this Agreement;

(5) Franchisee or any of its Affiliates fails, refuses or is unable to promptly pay when due any monetary obligation to OEF under this Agreement or any other agreement between the parties, except an Area Development Agreement, if applicable and Franchisee does not cure such default within 14 days after delivery of written notice from OEF;

(6) Franchisee violates any law, ordinance, rule or regulation of a governmental agency in the connection with the operation of the Franchise, and permits the same to go uncorrected after notification of violation;

(7) Franchisee fails to maintain or suffers cancellation of any insurance policy required under this Agreement;

(8) Franchisee violates any of the covenants contained in this Agreement other than those set forth in Section 22;

(9) Franchisee or any of its Affiliates fails to comply with any mandatory Specification prescribed by OEF, including, without limitation, any procedural requirements set forth in the Franchise Operations Manual, or any other directive of OEF;

(10) Franchisee or any of its Affiliates fails to timely pay suppliers and vendors for the purchase of products, services or equipment; or

(11) Franchisee fails to comply with any other material provision of this Agreement.

E. In the event of a default by Franchisee, all of OEF's costs and expenses arising from such default, including reasonable legal and accounting fees and administrative costs, shall be paid to OEF by Franchisee within five days after cure or upon demand by OEF if such default is not cured. If Franchisee fails to cure any default specified in a notice from OEF under Section 20.D. within the specified time, or a longer period of time as required by applicable law, Franchisee's rights under this Agreement shall terminate upon the expiration of such cure period, and without further notice to Franchisee.

F. No default under the Area Development Agreement shall cause a default under this Agreement unless there is an independent default under this Agreement.

G. OEF has the right, but not the obligation, to assume management of the Franchise (or to appoint a third party to assume its management) for any period of time it deems appropriate if Franchisee fails to actively operate the Franchise or fails to cure any default under this Agreement. OEF's appointment of a manager does not relieve any of Franchisee's obligations, and OEF is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchise or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchise during any period in which it is managed by OEF's appointed manager. OEF has the right to charge a fee of \$500 per day, plus expenses, for management services and to cease to provide management services at any time.

H. No right or remedy herein conferred upon or reserved to OEF is exclusive of any other right or remedy provided or permitted by law or in equity.

21. POST-TERMINATION AND POST-EXPIRATION; OEF'S RIGHT TO PURCHASE ASSETS

A. Upon termination or expiration of this Agreement, all rights granted to Franchisee immediately terminate and:

(1) Franchisee must immediately cease to operate the Franchise under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of OEF;

(2) Franchisee must immediately and permanently cease (i) the use, in any manner whatsoever, of any Trade Secrets, confidential methods, computer software, procedures and techniques associated with the System, (ii) to communicate or order products from the System's approved suppliers, (iii) to use the Marks and distinctive forms, slogans, signs, symbols and devices associated with the System,

in any manner or for any purpose, and (iv) use of all signs, marketing materials, displays, stationery, forms and any other articles which display the Marks or any distinctive features or designs associates with the Franchise;

(3) Franchisee must immediately pay to OEF, within 15 days after the effective date of termination or expiration (without renewal) of this Agreement, Royalties, BDF Contributions, the fee for Technology Licenses, the CCA, Setup Fees, amounts owed for products purchased by Franchisee from OEF or from its Affiliates, interest due OEF or its Affiliates on any of the foregoing and Franchisee must contemporaneously with payment furnish a complete accounting of all amounts owed to OEF and its Affiliates;

(4) Franchisee must, at Franchisee's expense, immediately make: (i) all modifications and alterations as are necessary to distinguish the Franchise so clearly from its former appearance and other Office Evolution franchises to prevent any possibility of confusion by the public (including removal of all distinctive physical and structural features identifying Office Evolution franchises and removal of all distinctive signs and emblems) and (ii) specific additional changes OEF reasonably requests for this purpose; if Franchisee fails to initiate immediately or complete alterations within the period of time OEF deems appropriate, OEF or its designated agents may enter the Business Center and adjacent areas at any time to make alterations, at Franchisee's sole risk and expense; Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to OEF and consents to entry, at Franchisee's expense, of an ex-parte order by any court of competent jurisdiction authorizing OEF or its agents to take action, if OEF seeks an order;

(5) Franchisee must take any action required to cancel all fictitious or assumed names or equivalent registrations relating to any of the Marks;

(6) Franchisee must notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with the Marks and to authorize transfer of same to or at the direction of OEF; Franchisee acknowledges that as between OEF and Franchisee, OEF has the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and Franchisee authorizes OEF, and appoints OEF and any officer of OEF as his attorney-in-fact, to direct the telephone company and all listing agencies to transfer same to OEF or at its direction, should Franchisee fail or refuse to do so, and the telephone company and all listing agencies may accept this direction or this Agreement as conclusive of the exclusive right of OEF in telephone numbers and directory listings and its authority to direct their transfer;

(7) Franchisee must furnish to OEF within 30 days after the effective date of termination or expiration evidence satisfactory to OEF of Franchisee's compliance with the foregoing obligations;

(8) Franchisee must pay to OEF all damages, costs and expenses, including reasonable attorneys' fees incurred by OEF subsequent to the termination or expiration of this Agreement or in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

(9) Franchisee must immediately deliver to OEF all copies of the Franchise Operations Manual in Franchisee's possession, software licensed by OEF and its Affiliates, and all Confidential Information related to operating the Franchise; and

(10) Franchisee must comply with the restrictions on Confidential Information contained in this Agreement and must also comply with the covenants set forth in Section 22 of this Agreement.

B. If this Agreement expires without renewal or is terminated by OEF in accordance with its provisions, then OEF has the option (which shall be assignable by OEF in its discretion), exercisable by giving written notice within 30 days from the date of expiration or termination of this Agreement, to (1) purchase from Franchisee the tangible assets, including inventory of saleable products, customer contracts, materials, supplies, signs, equipment and fixtures owned or leased by Franchisee, but excluding any unamortized portion of the initial franchise fee, cash, landlord and other security deposits, short-term investments and accounts receivable of the Franchise (collectively, the “Purchased Assets”) and (2) take assignment of and assume Franchisee’s lease for the Business Center or a sublease for the full remaining term on the same terms and conditions as Franchisee’s lease, and any other leased tangible assets used in connection with the Franchise. OEF or its assignee shall be entitled to all customary warranties and representations given by a seller of a business, including without limitation, representations and warranties as to (1) ownership, condition and title to assets; (2) absence of liens and encumbrances relating to the assets; and (3) validity of contracts and liabilities, inuring to OEF or affecting the assets, contingent or otherwise.

OEF has the unrestrictive right to either (1) assign this option to purchase or (2) assign the lease separate and apart from this Agreement.

The purchase price for the Purchased Assets shall be at fair market value, determined as of the date of termination or expiration of this Agreement. OEF will acquire only the Purchased Assets and will not assume any liabilities whatsoever unless otherwise agreed to in writing by the parties. Fair market value shall not contain any amount or factor for any trademark, service mark, or other commercial symbol or for any goodwill for the Franchise. If the parties cannot agree on the fair market value of the Purchased Assets within 30 days of OEF’s exercise of its option, fair market value shall be determined by appraisers, with each party selecting one appraiser and the average of their determination to be binding. Each party must bear its own legal and other costs and divide equally the appraisers’ fees. If OEF elects to exercise its option to purchase as provided, OEF has the right to set off all fees and amounts due from Franchisee to OEF, against any payment therefore and shall pay the remaining amount in cash.

The purchase price, as determined above, shall be paid in cash or cash equivalent at the closing of the purchase, which shall take place no later than 60 days after the delivery of OEF’s notice of its election to purchase the Franchise (unless fair market value is determined by appraisal, in which case, the closing shall take place within a reasonable time, not to exceed 60 days, after the results of the appraisal are made available), at which time Franchisee must: (1) deliver instruments transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to OEF or its designee, with all sales and other transferred taxes paid by Franchisee; (2) transfer or assign all licenses or permits which may be assigned or transferred; (3) assign to OEF or its designee Franchisee’s leasehold interest to the Business Center of the Franchise or, if an assignment is prohibited, sublease same to OEF for the full remaining term as Franchisee’s lease, including renewal and/or purchase options; and (4) assign to OEF or its designee any leases for other tangible assets used in connection with the Franchise.

C. If OEF exercises the foregoing option to purchase the Purchased Assets, OEF has the right pending the closing of purchase to appoint a manager to maintain the operation of the Franchise in accordance with the terms of this Agreement. Alternatively, OEF may require Franchisee to close the Franchise during such interim time period without removing any of the Purchased Assets from the Franchise.

D. All obligations, which by their nature, survive the expiration or termination of this Agreement and continue in full force and effect subsequent to its expiration or termination and until they are satisfied or expire.

22. COVENANTS

A. During the term of this Agreement or any extension:

(1) Franchisee must designate a Representative or Business Center Manager to devote full-time, energy and effort to the management and operation of the Office Evolution franchise, and if designated, the Representative or Business Center Manager must devote full-time, energy and effort to the management and operation of the Franchise; and

(2) Franchisee must exert Franchisee's best efforts to successfully develop and operate the Franchise.

B. Franchisee acknowledges that, pursuant to this Agreement, Franchisee and its Principals will receive valuable training, trade secrets and Confidential Information, which are beyond their present skills and experience and that the specialized training, trade secrets and Confidential Information provide a competitive advantage and are valuable to them in the development and operation of the Franchise and that gaining access to it is a primary reason for entering into this Agreement. In consideration for such training, trade secrets and Confidential Information, Franchisee covenants that during the term of this Agreement (or so long as any Principal satisfied the definition of a "Principal" if a lesser period) including any extensions or renewals, that neither Franchisee nor any of its Principals shall either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any persons or entity:

(1) Divert, or attempt to divert, any business or customer of the Franchise to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

(2) Except with respect to Office Evolution franchises operated under franchise agreements between Franchisee (or one of its Affiliates) and OEF (or one of its Affiliates) own, maintain, operate, engage in, or have any financial or beneficial interest, in (including any interest in any entity) or advise, assist or make loans to, any Competitive Business located, or is intended to be located, within the United States.

(3) Franchisee shall have the right to operate an unaffiliated business at the Business Center along with the Franchise so long as (i) OEF approves the unaffiliated business as being compatible with the operation of the Franchise and (ii) Franchisee operates the Franchise in compliance with this Agreement and the Franchise Operations Manual.

C. In further consideration for the training, trade secrets and Confidential Information described above in Section 22.B., commencing upon the earlier of the expiration, termination, or transfer of all of Franchisee's interest in this Agreement and continuing for two years thereafter, Franchisee covenants that neither Franchisee nor any of the Principals shall directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or entity:

(1) Divert, or attempt to divert any business or customer of Franchise to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System;

(2) Own, maintain, operate, engage in, or have any financial or beneficial interest (including any interest in any entity) or advise, assist or make loans to any Competitive Business that is located within or that is intended to be located within any of the following: (i) the Protected Territory; (ii) the protected search area granted to an area developer by OEF; (iii) the protected territory granted to another franchisee by OEF; or (iv) a five-mile radius of the location of any existing Office Evolution franchise, any Office Evolution franchise under construction or any planned Office Evolution franchise where a location has been purchased or a lease has been executed by OEF, its Affiliates or any franchisee or area developer.

D. The parties acknowledge and agree that each of the covenants contained herein is a reasonable limitation as to time, geographic area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interest of OEF. The parties agree that each of the covenants herein shall be construed as independent of any other covenant provision of this Agreement. If all or any portion of a covenant in this Section 22 is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which OEF is a party, Franchisee expressly agrees to be bound by any covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 22.

E. Franchisee expressly agrees that the existence of any claims that Franchisee or any Principal may have against OEF, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by OEF of the covenants in this Section 22.

F. Franchisee must require and obtain execution of covenants similar to those set forth in this Section 22 (including covenants applicable upon the termination of a person's employment with Franchisee) from its Representative or Business Center Manager. These covenants must be substantially in the form set forth in Exhibit G of the Franchise Disclosure Document. Principals owning 10% or greater interest in Franchisee also must execute these covenants. Notwithstanding the foregoing, OEF reserves the right, in its sole discretion, to decrease the period of time or geographic scope of the non-competition covenants set forth in Exhibit G of the Franchise Disclosure Document or eliminate the non-competition covenant altogether for any party that is required to execute an agreement under this Section 22.

G. Franchisee acknowledges and agrees that any failure to comply with the requirements of this Section 22 constitutes a material default under this Agreement and would result in irreparable injury to OEF for which no adequate remedy at law may be available. Therefore, OEF shall be entitled to obtain specific performance or injunctive relief to prevent conduct that violates the terms of this Section 22. Franchisee shall pay all court costs and reasonable attorneys' fees OEF incurs in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Section 22.

H. The covenants set forth in this Section 22 shall survive the termination or expiration of this Agreement.

I. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. A court or agency having valid jurisdiction in any unappealed final decision to which OEF is a party may determine all or any portion of a covenant in this Section 22 is held unreasonable or unenforceable. In that event, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 22.

23. MEDIATION

THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT (AND ATTACHMENTS AND EXHIBITS) OR THE RELATIONSHIP CREATED BY THIS AGREEMENT TO NON-BINDING MEDIATION BEFORE BRINGING A CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. SUCH MEDIATION SHALL TAKE PLACE IN THE PRINCIPAL CITY CLOSEST TO OUR PRINCIPAL PLACE OF BUSINESS (CURRENTLY, LOUISVILLE, COLORADO) IN ACCORDANCE WITH THE MEDIATION RULES OF THE JUDICIAL ARBITRATION AND MEDIATION SERVICE (“JAMS”) THEN IN EFFECT; IF JAMS OR ANY SUCCESSOR THERETO IS NO LONGER IN EXISTENCE AT THE TIME MEDIATION IS COMMENCED, OEF WILL DESIGNATE ANOTHER MEDIATION AND ARBITRATION ORGANIZATION. AT THE OPTION OF EITHER PARTY, THE MEDIATOR SHALL BE SELECTED FROM A LIST OF RETIRED FEDERAL OR STATE JUDGES SUPPLIED BY JAMS, IF AVAILABLE, AND THE MEDIATOR SHALL BE CHOSEN BY STRIKING METHOD. FRANCHISEE MAY NOT COMMENCE ANY ACTION AGAINST OEF WITH RESPECT TO ANY SUCH CLAIM OR DISPUTE IN ANY COURT UNLESS MEDIATION PROCEEDINGS HAVE BEEN TERMINATED EITHER: (I) AS THE RESULT OF A WRITTEN DECLARATION OF THE MEDIATOR(S) THAT FURTHER MEDIATION EFFORTS ARE NOT WORTHWHILE; OR (II) AS A RESULT OF A WRITTEN DECLARATION BY OEF. THE PARTIES SHALL EACH BEAR THEIR OWN COSTS OF MEDIATION AND SHALL SHARE EQUALLY THE FILING FEE IMPOSED BY JAMS AND THE MEDIATOR’S FEES. OEF RESERVES THE RIGHT TO SPECIFICALLY ENFORCE ITS RIGHT TO MEDIATION. PRIOR TO MEDIATION, AND BEFORE COMMENCING ANY LEGAL ACTION AGAINST OEF WITH RESPECT TO ANY SUCH CLAIM OR DISPUTE, FRANCHISEE MUST SUBMIT A NOTICE TO OEF, WHICH SPECIFIES IN DETAIL, THE PRECISE NATURE AND GROUNDS OF SUCH CLAIM OR DISPUTE. OEF SHALL NOT BE REQUIRED TO FIRST ATTEMPT TO MEDIATE A CONTROVERSY, DISPUTE OR CLAIM AGAINST FRANCHISEE THROUGH MEDIATION AS SET FORTH IN THIS SECTION IF SUCH CONTROVERSY, DISPUTE OR CLAIM CONCERNS AN ALLEGATION BY OEF THAT FRANCHISEE HAS VIOLATED (OR THREATENS TO VIOLATE, OR POSES AN IMMINENT RISK OF VIOLATING): (1) FOR MONIES OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, (3) ANY OF OEF’S FEDERALLY PROTECTED INTELLECTUAL PROPERTY RIGHTS IN THE MARKS, THE SYSTEM OR IN ANY OF OEF’S TRADE SECRETS OR CONFIDENTIAL INFORMATION, OR (4) TO OBTAIN POSSESSION OF OR TO SECURE OTHER RELIEF RELATING TO THE FRANCHISE PREMISES IN A COURT HAVING JURISDICTION AND IN ACCORDANCE WITH SECTION 24.J., WITHOUT FIRST SUBMITTING THAT ACTION TO MEDIATION.

24. ENFORCEMENT

A. ARBITRATION

Except as otherwise provided in this Section, including the mediation requirement of Section 23, any controversy or dispute arising out of, or relating to the Franchise or this Agreement including, but not limited to, any claim by Franchisee or any Persons in Privity with or claiming through, on behalf of or in the right of Franchisee, concerning the entry into, performance under, or termination of, this Agreement or any other agreement entered into by OEF, or its subsidiaries or Affiliates, and Franchisee; any claim against a past or present employee, officer, director, member, shareholder or agent of OEF; any claim of breach of this Agreement; and any claims arising under State or Federal laws, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. However, arbitration will not be required to be used for any dispute which involves: injunctive relief and any related incidental damages; an action for disputes or claims related to or based upon the Marks; or issues related to the

disclosure of or misuse of Confidential Information or Trade Secrets. Except for claims excluded from mediation and arbitration herein, 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, enforceability or formation of this Franchise Agreement including, but not limited to any claim that all or any part of this Franchise Agreement is void or voidable. “Persons in Privity” with or claiming through, on behalf of or in the right of Franchisee include but are not limited to, spouses and other family members, domestic partners, heirs, executors, representatives, successors and assigns. Subject to this Section, the right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules (in effect as of the date the demand for arbitration is filed) of, and under the auspices of, JAMS; if JAMS or any successor thereto is no longer in existence at the time arbitration is commenced, OEF will designate another arbitration organization to conduct the arbitration proceeding, in its sole discretion. The arbitration, which shall be held before a single arbitrator, shall be held in the principal city closest to our principal place of business (currently Louisville, Colorado), or at such other location as shall be mutually agreed upon by the parties in writing. A single arbitrator shall be selected by the parties from a panel of neutral arbitrators provided by JAMS and shall be chosen by the striking method. Until such time as the arbitrator of any dispute finally resolves such dispute and determines to award attorney’s fees and costs to the extent permitted by this Agreement, the parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this Agreement. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such court and to the propriety of venue of such court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters. Parties to arbitration under this Agreement shall not include, by consolidation, joinder or in any other manner, any person other than Franchisee and any Person in Privity with or claiming through, in the right of or on behalf of Franchisee or OEF, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between OEF and Franchisee or any Person in Privity with or claiming through, in the right of or on behalf of Franchisee or OEF. The parties agree that any arbitration arising out of a dispute relating to this Agreement is only a matter between OEF and Franchisee and no other franchisees or area developers, if any. Franchisee agrees not to join or attempt to join other franchisees or other third parties in any arbitration proceeding and to refrain from participating in any “Class Action” litigation or arbitration proposed or asserted by one or more other franchisees. The parties expressly consent to personal jurisdiction and venue in the State of Colorado and further agree that all litigation, if any, involving an issue not subject to mediation or arbitration as set forth herein, shall be held exclusively in the state or federal court(s) closest to OEF’s principal place of business (currently Louisville, Colorado).

B. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, is considered severable. If for any reason, any portion of this Agreement is held in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which OEF is a party to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement as may remain otherwise intelligible. The surviving portions of this Agreement shall continue to be given full force and effect and bind the parties to this Agreement. Any portion of this Agreement held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party, otherwise upon Franchisee’s receipt of a notice of non-enforcement from OEF.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any Specification that OEF prescribes is invalid or unenforceable, the prior notice and/or other action required by that law or rule shall be substituted for the comparable provisions, and OEF has the right, in its sole discretion, to modify the invalid or unenforceable provision or Specification to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions or any Specification that OEF prescribes, any portion or portions which a court may hold to be unenforceable in a final decision to which OEF is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in that jurisdiction, unless OEF elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

C. WAIVER OF OBLIGATIONS

No delay, waiver, omission or forbearance on the part of OEF to exercise any right, option, duty or power arising out of any breach or default by Franchisee under this Agreement constitutes a waiver by OEF to enforce any right, option, duty or power against Franchisee or as to any subsequent breach or default by Franchisee. Acceptance by OEF of any payments due to it after the time at which the payment is due, is not deemed to be a waiver of OEF of any preceding breach by Franchisee of any terms, provisions, covenants or conditions of this Agreement. OEF specifically is not deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant, or to declare any breach to be a default and to terminate this Agreement before the expiration of its term) by virtue of any custom or practice of the parties at variance with the terms of this Agreement; or by any failure, refusal or neglect of OEF to exercise any right under this Agreement or to insist upon exact compliance by the Franchisee with its obligations, including any mandatory Specification.

Neither OEF nor Franchisee are liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war or riot; or (6) any other similar event or cause. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

D. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

Nothing in this Agreement bars OEF's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

E. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of OEF and Franchisee under this Agreement are cumulative and no exercise or enforcement by OEF or Franchisee of any right or remedy precludes the exercise or enforcement by OEF or Franchisee of any other right or remedy which OEF or Franchisee is entitled by law to enforce.

F. COSTS AND ATTORNEYS' FEES

If a claim for amounts owed by Franchisee to OEF or any of its Affiliates is asserted in any legal proceeding before a court of competent jurisdiction or arbitrator, or if OEF or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in the proceeding is entitled to reimbursement of its costs and expenses incurred, including reasonable accounting and legal fees.

G. JURY TRIAL WAIVER

OEF and Franchisee irrevocably each waive trial by jury in any action brought by either of them. Franchisee and OEF agree that any litigation, suit, action, counterclaim, cross claim or proceeding, whether at law or in equity, which arises out of, concerns, or as related to this Agreement or any of the relationships or transaction contemplated hereunder, the performance of this Agreement, the relationship between the parties or otherwise, trial shall be to a court of competent jurisdiction and not to a jury. OEF and Franchisee irrevocably waive any right either party may have to trial by jury.

H. WAIVER OF DAMAGES

Franchisee hereby waives, to the fullest extent permitted by law, any right to, or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against OEF, its Affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities arising out of any cause whatsoever (whether such cause is based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee shall be limited to the recovery of any actual damages sustained by Franchisee. If any other term of the Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provision of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

I. GOVERNING LAW

To the extent not inconsistent with applicable law, this Agreement and the offer and sale of a franchise is governed by the laws of the State of Colorado which laws shall prevail in the event of any conflict of laws.

J. EXCLUSIVE JURISDICTION

With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration or as otherwise provided in this Agreement, Franchisee hereby irrevocably submits itself and waives any objection to personal jurisdiction in the state and federal court(s) closest to OEF's principal place of business (currently Louisville, Colorado). Franchisee hereby agrees that service of process may be made upon it in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by the law of the State of Colorado or federal law. Franchisee further agrees that venue for any proceeding relating to or arising out of this Agreement

shall be in the state and federal court(s) closest to OEF's principal place of business (currently Louisville, Colorado).

Franchisee and OEF acknowledge that the execution of this Agreement and the acceptance of the terms of the parties occurred in Louisville, Colorado, and further acknowledge that the performance of certain obligations of Franchisee arising under this Agreement, including, but not limited to, the payment of money due under this Agreement shall occur in Louisville, Colorado.

The parties agree that all proceedings, whether litigation, arbitration, or mediation, will be conducted on an individual, not a class-wide basis, and that any proceeding between Franchisee and OEF or its affiliates or employees may not be consolidated with any other proceeding between OEF and any other person or entity.

K. VARIANCES

Franchisee acknowledges that OEF has and may at different times approve exceptions or changes from the uniform standards of the System in OEF's absolute sole discretion, which OEF deems desirable or necessary under particular circumstances. Franchisee understands that he has no right to object to or automatically obtain such variances, and any exception or change must be approved in advance from OEF in writing. Franchisee understands existing franchisees may operate under different forms of agreements and that the rights and obligations of existing franchisees may differ materially from this Agreement.

L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and OEF.

M. CONSTRUCTION/INTEGRATION CLAUSE

This Agreement, all attachments and exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, undertakings, representations, and agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations OEF made in the Franchise Disclosure Document that OEF furnished to Franchisee. Franchisee acknowledges that Franchisee is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Franchisee's own independent investigation of the franchised business and not as a result of any representations about OEF made by OEF's shareholders, officers, directors, employees, agents, representatives, independent contractors, attorneys, or franchisees, which are contrary to the terms set forth in this Agreement or of any franchise disclosure document, offering circular, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

Franchisee hereby acknowledges and further represents and warrants to OEF that:

(1) Franchisee has placed no reliance on any oral or written statements, whether referred to as representations, warranties, inducements or otherwise, which are not contained in this Agreement or in the Franchise Disclosure Document given to Franchisee by OEF;

(2) Franchisee has entered into this Agreement after making an independent investigation of OEF's operations and the System;

(3) OEF has not made any guarantee or provided any assurance that the business location will be successful or profitable regardless of the fact OEF may have approved of the Franchise or site location;

(4) Franchisee has (i) read this Agreement in its entirety and understands its contents; (ii) been given the opportunity to clarify any provisions that Franchisee did not understand; and (iii) had the opportunity to consult with professional advisors regarding the operation and effect of the Agreement and the operation of the System;

(5) Franchisee has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the Franchise offered by OEF; and

(6) Franchisee received a copy of OEF's Franchise Disclosure Document not later than the earlier of 14 calendar days before execution of this Agreement and 14 calendar days before any payment of any consideration.

Except as may have been disclosed at Item 19 of OEF's Franchise Disclosure Document, Franchisee represents and warrants to OEF that no claims, representations or warranties regarding the earnings, sales, profits, success or failure of the franchised business have been made to Franchisee and no such claims, representations or warranties have induced Franchisee to enter into this Agreement.

Except for those changes permitted to be made unilaterally by OEF, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

Nothing in this Agreement or in any related agreement is intended to disclaim the representations OEF made in the franchise disclosure document that OEF furnished to you.

N. COVENANT OF GOOD FAITH

If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, Franchisee agrees that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with its explicit rights and obligations under this Agreement that may affect favorably or adversely Franchisee's interests; (ii) Franchisor will use its judgment in exercising the discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of its franchisees generally (including itself and its affiliates if applicable), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee; (iii) Franchisor will have no liability to Franchisee for the exercise of Franchisor's discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for Franchisor's judgment so exercised.

25. NOTICES AND PAYMENTS

A. All notices and demands required to be given must be in writing and sent by certified or registered mail, return receipt requested, or by nationally recognized courier service to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to OEF, the notice shall be addressed to:

Mark Hemmeter, CEO
OE Franchise, LLC
357 McCaslin Blvd, Ste 200
Louisville, Colorado 80027
Facsimile: 303-417-6364
Email: Mark@OfficeEvolution.com

Notice to Franchisee:

Address set forth in Attachment A.

B. All payments and reports required by this Agreement shall be directed to OEF at the address notified to Franchisee, or to other persons and places as OEF may direct. Any required payment or report not actually received by OEF during regular business hours on the date due or properly placed in the U.S. mail and postmarked by postal authorities at least three business days before the date due, are deemed delinquent.

C. In all cases where OEF's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and OEF shall notify Franchisee in writing of its decision within ten business days after receiving Franchisee's written request and all supporting documentation. Except as otherwise expressly provided in this Agreement, whenever the consent or approval of OEF is required hereunder, such consent or approval must be in writing and will not be unreasonably withheld. OEF's consent to or approval of any act or request by Franchisee shall be effective only to the extent specifically stated, and shall not be deemed to waive or render unnecessary consent or approval of any other subsequent similar act or request.

Except for those changes permitted to be made unilaterally by OEF, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

26. COMPLIANCE WITH ANTI-TERRORISM LAWS

Franchisee and its owners agree to comply, and to assist OEF to the fullest extent possible, in efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent and warrant that none of their property or interest is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and other requirements by any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee and its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

27. CAVEAT

A. The success of the business venture contemplated to be undertaken by this Agreement is speculative and depends, to a large extent, upon the ability of the Franchisee as an independent business person, and the active participation of Franchisee in the daily affairs of the business as well as other factors.

OEF does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

B. Franchisee acknowledges that it has entered into this Agreement after making an independent investigation of OEF's operations and not upon any representation as to Net Billings, sales volume, earnings or profits which Franchisee in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth in this Agreement, to induce the Franchisee to accept this franchise and execute this Agreement.

C. Franchisee represents that he has read this Agreement in its entirety and that he has been given the opportunity to clarify any provisions that he did not understand and to consult with an attorney or other professional advisor. Franchisee further represents that he understands the terms, conditions and obligations of this Agreement and agrees to be bound.

28. FORCE MAJEURE

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party will be liable nor responsible for any delays in performance due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other interference through legal proceedings, all beyond the reasonable control of the parties and, in any event, said time period for the performance of an obligation hereunder will be extended for the amount of time of the delay; provided, the party delayed will give the other party written notice and full particulars of the force majeure promptly after the event occurs. This clause will not, however, result in an extension of the term of this Agreement.

29. MISCELLANEOUS

A. 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 who is not a party to this Agreement.

B. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs. As used in this Agreement, (1) the word "or" is not exclusive, (2) the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation," (3) any pronoun shall include the corresponding masculine, feminine and neuter forms, (4) words in the singular number include words in the plural and vice versa unless the context of the usage of such term clearly indicates otherwise, and (5) accounting terms that are used, but not otherwise defined herein, are to be construed and interpreted in accordance with GAAP.

C. The term "Franchisee" as used in this Agreement may be applicable to one or more persons, or a corporation, partnership, limited partnership, or limited liability company as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee under this Agreement, their obligations and liabilities to OEF shall be joint and several. References to "Franchisee" and "Assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Franchisee or the Assignee, if Franchisee or the Assignee is a corporation, partnership, limited partnership or limited liability company.

D. This Agreement shall be executed in multiple counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

(Signatures on following page)

FRANCHISOR:

OE FRANCHISE, LLC
A Colorado limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

ATTACHMENT A

OFFICE EVOLUTION FRANCHISE DATA SHEET

1. **Effective Date.** The “Effective Date” set forth in the introductory Paragraph of the Franchise Agreement is _____.

2. **Franchisee.** The “Franchisee” set forth in the introductory Paragraph of the Franchise Agreement is: _____.

3. **Notice Address.** The address for notices to Franchisee set forth in Section 25 of the Franchise Agreement shall be the following:

Name _____

Address _____

Address _____

Address _____

City, State Zip _____

Email _____

Telephone _____

4. **Initial Franchise Fee.** The “Initial Franchise Fee” set forth Section 11.A. of the Franchise Agreement is forty-five thousand and dollars (\$45,000) unless this Agreement is being executed pursuant to an Area Development Agreement between Franchisee and OEF, in which case, the Initial Franchise Fee is included as part of the Multi-Unit Development Fee required to be paid under the Area Development Agreement.

5. **SAT Fee.** The “SAT Fee” set forth in Section 11.B. of the Franchise Agreement is \$ _____.

6. **Royalty Percentage.** The percentage for calculation of the “Royalty” set forth in Section 12.A. of the Franchise Agreement is 7.5%.

7. **Development Schedule.** Franchisee must execute a lease, purchase agreement or other binding contract for a location for the Business Center on or before: _____.

8. **Timing of Execution for Attachment A-1.** If a particular site for the Business Center has been selected and approved at the time of the signing this Franchise Agreement, it shall be entered on Attachment A-1 as the Business Center location and the Business Center location shall have the Protected Territory listed in Attachment A-1. If a particular site has not been selected and approved at the time of the signing this Franchise Agreement, Section 9 of this Attachment A will describe the Protected Search Area. After we have approved a location for your Business Center, we shall complete the Business Center location, Opening Deadline and the Protected Territory in Attachment A-1. The Opening Deadline will not be more than 365 days from the date you and we execute Attachment A-1. As the Protected Territory is

dependent on the location of the Center, we will present you with the Protected Territory upon the identification of the site for the Business Center. If you do not wish to accept the Protected Territory, you may choose another site location and we will present you with another Protected Territory based on the site selected.

9. **Protected Search Area.** Unless you and we have determined a site for the Business Center, the temporary “Protected Search Area” set forth in Section 1.I. of the Franchise Agreement shall be the geographic area described below:

(Signatures on following page)

FRANCHISOR:

OE FRANCHISE, LLC

A Colorado limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

ATTACHMENT A-1

**OFFICE EVOLUTION OPENING DEADLINE, PROTECTED TERRITORY
AND BUSINESS CENTER LOCATION**

You have received approval for site location for the Business Center that satisfies the demographics and location requirements minimally necessary for a Business Center and that meets our minimum current standards and specifications for the build out, interior design, layout, floor plan, signs, designs, and décor of a Business Center. You and we have mutually agreed upon a Protected Territory based on the site for the Business Center, which is indicated below. You acknowledge that the Protected Territory is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document. Once the Protected Territory has been set forth below and this Attachment A-1 has been executed all rights to the Protected Search Area shall expire.

Approved Location for Center:

The Approved Location for your Business Center as provided in Section 2.C. of the Franchise Agreement is:

Protected Territory:

The Protected Territory as provided in Section 2.C. of the Franchise Agreement is:

Opening Deadline. Franchisee must open the Business Center on or before _____.

(Signatures on following page)

FRANCHISOR:

OE FRANCHISE, LLC
A Colorado limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

ATTACHMENT B
OWNERS AGREEMENT

As a condition to the execution by OE Franchise, LLC (“we” or “us”), of a Franchise Agreement with _____ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not To Compete and To Not Solicit.

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers. Owners acknowledge and agree that any attempted transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

OE Franchise, LLC
357 McCaslin Blvd, Suite 200
Louisville, CO 80027

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for

Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or

default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

[Insert Name of Owner]

[Insert Name of Spouse if not an owner]

[Insert Name of Owner]

[Insert Name of Spouse if not an owner]

[Insert Name of Owner]

[Insert Name of Spouse if not an owner]

[Insert Name of Owner]

[Insert Name of Spouse if not an owner]

OE Franchise, LLC hereby accepts the agreements of the Owner(s) hereunder.

OE FRANCHISE, LLC

By: _____

Title: _____

ATTACHMENT C

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

**Form of Ownership
(Check One)**

____ **Individual** ____ **Partnership** ____ **Corporation** ____ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing age owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage of Stock

Use additional sheets if necessary. Any and all changes to the above information must be reported to OEF in writing.

FRANCHISEE:

By: _____

Title: _____

EXHIBIT D



AREA DEVELOPMENT AGREEMENT

EXHIBIT D



OE FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
1. GRANT	1
2. TERM	3
3. MULTI-UNIT DEVELOPMENT FEE	4
4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS	4
5. LOCATION OF OFFICE EVOLUTION FRANCHISES	5
6. FRANCHISE AGREEMENT	5
7. DEFAULT AND TERMINATION	5
8. ASSIGNMENT	6
9. FORCE MAJEURE	6
10. ENTIRE AGREEMENT	6
11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION	6
12. SUCCESSORS AND ASSIGNS	7
13. APPLICABLE LAW	7
14. NOTICE	7
15. MEDIATION AND ARBITRATION	7
16. ACKNOWLEDGEMENTS	9

ATTACHMENTS:

Attachment A:	Area Developer Data Sheet
Attachment B:	Statement of Ownership

OFFICE EVOLUTION AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (“ADA”) is made and entered into as of the effective date set forth in Attachment A (“Effective Date”) by and between OE Franchise, LLC, a Colorado limited liability company (“OEF”), with a business address at 357 McCaslin Blvd., Ste. 200, Louisville, Colorado 80027 and the area developer set forth in Attachment A (“Area Developer”).

WITNESSETH:

WHEREAS, OEF holds the exclusive franchise rights for Office Evolution franchises (“Office Evolution Franchises”) which provide shared office services, including live answering service and telephone call management, executive suites, offices for lease, temporary office rentals, conference and training room rentals, co-working/drop in work space, business center locations, and other related products and services (“Office Evolution Business”);

WHEREAS, in addition to this ADA, OEF and Area Developer have entered into a Franchise Agreement (“Initial Franchise Agreement”) for the right to establish and operate a single Office Evolution franchised business (“Initial Business”); and

WHEREAS, Area Developer desires to purchase an option to establish and operate Office Evolution Franchises within the geographic areas described in Attachment A (“Protected Search Areas”), under the development schedule described in Attachment A (“Development Schedule”) and pursuant to the terms and conditions of this ADA.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

GRANT

1.1 OEF hereby grants to Area Developer the right to establish and operate the number of Office Evolution Franchises indicated in Section 4 of Attachment A within the Protected Search Areas described in Attachment A. Area Developers will receive a separate Protected Search Area for each individual Office Evolution Business and must develop one Office Evolution Business in each Protected Search Area. Each Office Evolution Franchise shall be operated according to the terms of the individual Office Evolution franchise agreement entered into for each location (“Franchise Agreement”).

1.2 If the Area Developer is developing Office Evolution Franchises, and complies with the terms of this ADA, the Development Schedule, and the individual Franchise Agreement for each Office Evolution Franchise, then subject to the Retained Rights (defined below), OEF will not franchise or license others to, nor will it itself directly or indirectly establish, any Office Evolution Franchises in a Protected Search Area, while in effect, or within a Protected Territory (as defined in each Franchise Agreement), once designated, during the term of this ADA. Depending on the area, one of Area Developer’s Protected Territories may overlap with another protected territory, but only one Office Evolution Business will be located in each protected territory. Area Developer acknowledges that the Protected Search Areas may already include existing Office Evolution Franchises, and that Area Developer may not develop an Office Evolution Franchise that infringes on the territorial rights of existing Office Evolution Franchises. OEF reserves all other rights, including the right to otherwise act in the manner permitted in any Franchise Agreement. Without limiting the generality of the foregoing, OEF retains the right, for

itself and its affiliates, on any terms OEF deems advisable, and without granting Area Developer any rights (“Retained Rights”):

(a) to operate (on its own or through one or more of its affiliates) or to grant other persons the right to operate Office Evolution Franchises or Office Evolution Businesses, at locations and on terms OEF deems appropriate outside each Protected Search Area while in effect, and outside each Protected Territory (as defined in each Franchise Agreement) once established;

(b) to offer and sell the same products and services offered by Office Evolution Businesses inside and outside each Protected Search Area while in effect, and each Protected Territory once established, through electronic or digital means such as the Internet and by websites established by OEF and through telemarketing, direct marketing and other distribution methods;

(c) to own or operate (on its own or through one of more of its affiliates), or to grant others the right to own or operate, other business concepts that do not use the Marks or that use the Marks for services and products not offered by Office Evolution Businesses within and outside the Protected Search Area or Protected Territory as applicable;

(d) to acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Office Evolution franchises (each an “Acquired Business”), and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within a Protected Search Area, if applicable, and/or a Protected Territory, if established, in which case OEF may require these businesses to use the Marks; and

(e) to be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at an Office Evolution franchise, even if such business operates, franchises and/or licenses competitive businesses within a Protected Search Area, if applicable, and/or a Protected Territory.

1.3 In the event that OEF offers and sells products and services (per Sections 1.2(b) and (c) above), OEF will not pay Area Developer any compensation for OEF’s solicitation and acceptance of such sales within Area Developer’s Protected Search Area while in effect or Protected Territory once established. In the event that OEF acquires an Acquired Business (per Section 1.2(d) above) or is acquired by a business (per Section 1.2(e) above) that provides products or services similar to those provided by Area Developer:

(a) OEF will not locate or allow to be located any newly developed Office Evolution physical locations in a Protected Search Area, if applicable, while in effect, or within a Protected Territory once established; and

(b) OEF may convert an Acquired Business that is located in a Protected Search Area or Protected Territory of Area Developer to an Office Evolution Business to be operated by OEF, its affiliate, or to an Office Evolution franchise that may be operated by a franchisee. In order to do so, OEF will give Area Developer the first option to purchase such the Acquired Business prior to such conversion, as follows: (i) OEF will give Area Developer written notice of OEF’s purchase of an Acquired Business and the terms and conditions and other important information about Area Developer’s option to purchase and the purchase price for the Acquired Business (Area Developer agrees that the purchase price shall be equal to the price OEF paid for the Acquired Business or, in

the event OEF acquired multiple businesses, the purchase price shall be a ratio equal to the Net Billings during the Acquired Business's prior year compared to the Net Billings during all Acquired Businesses' prior year that OEF purchased in the same transaction); (ii) Area Developer shall have 30 days from the receipt of OEF's notice in order to determine whether it wishes to exercise its first right to purchase the Acquired Business by advising OEF of the same in writing; (iii) if Area Developer provides such notice to OEF, then Area Developer will have a total of 180 days to complete the purchase from the date of OEF's initial notice and Area Developer must sign OEF's then-current form of franchise agreement if Area Developer purchases the Acquired Business and pay all required initial and ongoing fees, provided that Area Developer shall not be required to pay an initial franchise fee. If Area Developer chooses not to purchase the Acquired Business, does not provide notice within 30 days to OEF of its intent to purchase the Acquired Business or fails to complete the purchase of the Acquired Business within 180 days after OEF notifies Area Developer in accordance with this Section, then OEF, its affiliate, or a third-party licensee or franchisee may operate the Acquired Business as an Office Evolution Business and using the Marks in the Area Developer's Protected Search Area while in effect or within the Area Developer's Protected Territory once established. Notwithstanding the foregoing, OEF is not required to give notice to Area Developer prior to converting the Acquired Business to an Office Evolution location or franchise if, at the time OEF acquires the Acquired Business, Area Developer is not in compliance with any agreement with OEF.

1.4 OEF may allow Area Developer to develop an Office Evolution Franchise outside of the applicable Protected Search Area. If OEF allows Area Developer to do this, OEF may alter or remove one of Area Developer's Protected Search Areas to account for the reduction in Office Evolution Businesses to be developed in the remaining Protected Search Areas. Area Developer may be required to pay a fee of up to \$10,000 for the Protected Search Area change, which would be due and payable upon OEF's approval of the Protected Search Area change.

1.5 This ADA is not a franchise agreement and Area Developer shall have no right to use the Office Evolution trademarks or franchise system by virtue hereof. The individual Franchise Agreement signed by OEF and Area Developer, or its affiliate, for each Office Evolution Franchise will govern each Office Evolution Franchise.

1.6 The Area Developer must own at least a fifty-one percent (51%) equity interest in the franchisee for each Office Evolution Franchise developed hereunder. Area Developer shall identify all equity owners of Area Developer by completing the STATEMENT OF OWNERSHIP attached to this ADA as Attachment B. Area Developer shall provide OEF with an updated form of Attachment B within ten (10) business days of any change in the equity ownership of Area Developer. The failure of Area Developer to maintain at least a fifty-one percent (51%) equity interest in the franchisee for each Office Evolution Franchise developed hereunder shall constitute a material default of this ADA.

TERM

Unless sooner terminated pursuant to the provisions of Section 7, the term of this ADA shall expire upon the earlier of (a) the Termination Date listed on Section 7 of Attachment A, or (b) completion of the obligations of the Development Schedule (when Area Developer executes the last Franchise Agreement for the last Office Evolution Business to be developed under this ADA.)

MULTI-UNIT DEVELOPMENT FEE

Area Developer must pay a “Multi-Unit Development Fee” which is equal to the initial franchise fee for each Office Evolution Franchise to be developed, upon execution of this ADA. The Multi-Unit Development Fee is set forth in Attachment A. No initial franchise fee will be due upon the execution of each single-unit Franchise Agreement to be developed under this ADA so long as Area Developer has paid the full amount of the Multi-Unit Development Fee for the specified number of Office Evolution Business. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Area Developer opens any of the Office Evolution Franchises it is obligated to open in the Protected Search Areas.

SITE ASSISTANCE AND TECHNOLOGY FEE

Area Developer must pay the Site Assistance and Technology Fee (as described in Item 5 of the Franchise Disclosure Document) “SAT Fee” for the first Office Evolution Franchise upon execution of the first Franchise Agreement. The SAT Fee for subsequent Business Centers is due in full at the time you commence searching for each additional Business Center. You are not permitted to use the Marks in conjunction with the search and will not receive any site search services from us until the subsequent SAT Fee is paid.

DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

1.7 Area Developer shall exercise the development rights granted under this ADA only by entering into a separate Franchise Agreement with OEF for each Office Evolution Franchise for which a development right is granted. The Initial Franchise Agreement must be executed and delivered, concurrently with the execution and delivery of this ADA. All subsequent Office Evolution Franchises developed under this ADA shall be established and operated pursuant to the form of Franchise Agreement then being used by OEF for an Office Evolution Franchise, which form must be signed, and any associated fees must be paid, at the time when you sign a letter of intent to enter into a lease or purchase or otherwise secure a commercial office space for the location of your Office Evolution Business. Area Developer acknowledges that the then current form of Franchise Agreement may differ from the Initial Franchise Agreement.

1.8 Development Schedule.

Acknowledging that time is of the essence, Area Developer agrees to exercise its development rights according to Section 4.1 and according to the Development Schedule set forth on Attachment A, which schedule designates when each Franchise Agreement must be executed for the operation of Office Evolution Franchises in each Protected Search Area.

Area Developer may execute Franchise Agreements prior to the date listed in the Development Schedule. Area Developer shall not execute more than the cumulative total number of Franchise Agreements that Area Developer is obligated to execute under this ADA, as set forth in the Development Schedule.

Area Developer shall open each Office Evolution Franchise in accordance with the terms of the Franchise Agreement and shall execute the Franchise Agreements no later than the dates listed in the Development Schedule set forth on Attachment A.

LOCATION OF OFFICE EVOLUTION FRANCHISES

The location of each Office Evolution Franchise must be selected by the Area Developer in accordance with the terms set forth in each Franchise Agreement signed by Area Developer, within each applicable Protected Search Area.

FRANCHISE AGREEMENT

Area Developer will be required to sign Franchisor's then-current form of Franchise Agreement for each Office Evolution Business that you develop under the ADA upon signing a letter of intent to enter into a lease or purchase or otherwise secure a commercial office space for the location of your Office Evolution Business. Area Developer shall not execute a lease, commence construction on, or open any Office Evolution Franchise until, among other things, the individual Franchise Agreement for that Office Evolution Franchise has been signed by both the Area Developer and OEF.

DEFAULT AND TERMINATION

1.9 Each Protected Search Area will terminate upon the execution of a lease or by Area Developer otherwise securing the location. Once a Protected Search Area is terminated, the Area Developer will no longer have any rights to the Protected Search Area other than any Protected Territory granted with each Office Evolution Franchise pursuant to the terms of each individual Franchise Agreement. Any failures to adhere to the Development Schedule will constitute a material event of default under this ADA, for which OE may, among other things:

terminate this ADA;

reduce or remove the Area Developer's Protected Search Areas;

permit Area Developer to extend the Development Schedule; or

pursue any other remedy OEF may have at law or in equity, including but not limited to a suit for non-performance.

In the event of a termination of this ADA, Area Developer shall have only the territorial protections provided under each individual Franchise Agreement, if any.

1.10 Upon prompt written request to OEF following the death or legal incapacity of an Area Developer who is an individual, OEF shall allow a period of up to 12 months after such death or legal incapacity for his or her heirs, personal representatives, or conservators ("Heirs") to seek and obtain OEF's consent to the assignment of his or her rights and interests in this ADA to the Heirs or to another person acceptable to OEF; or (ii) upon prompt written request to OEF following the death or legal incapacity of an owner of a ADA which is a legal entity, directly or indirectly, owning more than 50% of the equity or voting power of the Area Developer, OEF shall allow a period of up to 12 months after such death or legal incapacity for his or her Heir(s) to seek and obtain OEF's consent to the assignment of such equity and voting power to the Heir(s) or to another person or persons acceptable to OEF. If, within the 12-month period, the Heir(s) fail to receive OEF's consent, which shall not be unreasonably withheld, or complete an assignment, then this ADA shall immediately terminate at OEF's election.

1.11 In addition, if any individual Franchise Agreement issued to Area Developer or an approved affiliate of Area Developer, whether or not issued pursuant to this ADA, is terminated for any reason, OEF shall have the right to terminate this ADA on immediate written notice to Area Developer. Upon termination or expiration of the term of this ADA, this ADA shall be of no further effect, and OEF shall have the right to open, or license others to open, Office Evolution Franchises within the Protected Search Areas. For purposes of this Section 7.3, any Franchise Agreement issued by OEF to Area Developer or its approved affiliates, or any corporation, partnership or joint venture, or their affiliates, in which Area Developer or any stockholder, partner or joint venturer of Area Developer, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to Area Developer.

ASSIGNMENT

1.12 OEF shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity that assumes its obligation under this ADA and OEF shall thereby be released from any and all further liability to Area Developer.

1.13 Area Developer may not assign this ADA or any rights to the Protected Search Areas. The provisions of this Section 8.2 shall not restrict Area Developer from transferring an open and operating Office Evolution Franchise in compliance with the assignment provisions contained in such Office Evolution Franchise's Franchise Agreement.

FORCE MAJEURE

In the event that Area Developer is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to OEF, the Development Schedule and this ADA shall be extended for a corresponding period, not to exceed 90 days.

ENTIRE AGREEMENT

This ADA constitutes the entire understanding of the parties with respect to the development of the Protected Search Areas, and shall not be modified except by a written agreement signed by the parties hereto. However, nothing in this ADA or any related agreement is intended to disclaim the OEF's representations made in the Franchise Disclosure Document. Where this ADA and any Franchise Agreement between the parties' conflict with respect to the payment terms of initial franchise fees or equity interests held by the Area Developer or operating partners, the terms of this ADA shall govern. Under no circumstances do the parties intend that this ADA be interpreted in a way as to grant Area Developer any rights to grant sub-franchises in the Protected Search Areas.

INDEPENDENT CONTRACTOR AND INDEMNIFICATION

1.14 It is acknowledged and agreed that Area Developer and OEF are independent contractors and nothing contained herein shall be construed as constituting Area Developer as the agent, partner or legal representative of OEF for any purpose whatsoever. Area Developer shall enter into contracts for the development of the Protected Search Areas contemplated by this ADA at its sole risk and expense and shall be solely responsible for the direction, control and management of its agents and employees. Area Developer acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of OEF, or to bind OEF by any representations or warranties, and agrees not to hold itself out as having this authority.

1.15 Area Developer agrees to protect, defend, indemnify and hold OEF harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Area Developer's carrying out its obligations hereunder.

SUCCESSORS AND ASSIGNS

This ADA shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

APPLICABLE LAW

This ADA shall be governed by and construed in accordance with the laws of the State of Colorado, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The parties expressly consent to personal jurisdiction in the State of Colorado and agree that, except as set forth in Section 13, the state and federal court(s) closest to OEF's principal place of business (currently Louisville, Colorado) will have exclusive jurisdiction for the purposes of carrying out this provision.

NOTICE

Whenever this ADA requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, or by nationally recognized courier service, to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Area Developer shall be conclusively deemed to have been received by Area Developer upon the delivery or attempted delivery of this notice to Area Developer's address listed herein, or the changed address.

Notices to OEF:

OE Franchise, LLC
357 McCaslin Blvd., Ste. #200
Louisville, CO 80027

Notice to Area Developer:

The Address set forth in Attachment A

MEDIATION AND ARBITRATION

1.16 Mediation. THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS ADA (AND ATTACHMENTS AND EXHIBITS) OR THE RELATIONSHIP CREATED BY THIS ADA TO NON-BINDING MEDIATION BEFORE BRINGING A CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. Such mediation shall take place in the principal city closest to OEF's principal place of business (currently Louisville, Colorado) in accordance with the mediation rules of the Judicial Arbitration and Mediation Service ("JAMS") then in effect. At the option of either party, the mediator shall be selected from a list of retired federal or state judges supplied by JAMS, if available, and the mediator shall be chosen by striking method. Area Developer may not commence any action against OEF with respect to any such claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by OEF. The parties shall each bear their

own costs of mediation and shall share equally the filing fee imposed by JAMS and the mediator's fees. OEF reserves the right to specifically enforce its right to mediation. Prior to mediation, and before commencing any legal action against OEF with respect to any such claim or dispute, Area Developer must submit a notice to OEF, which specifies in detail, the precise nature and grounds of such claim or dispute. OEF shall not be required to first attempt to mediate a controversy, dispute or claim against Area Developer through mediation as set forth in this Section if such controversy, dispute or claim concerns an allegation by OEF that Area Developer has violated (or threatens to violate, or poses an imminent risk of violating): (1) for monies owed, (2) for injunctive or other extraordinary relief, (3) any of OEF's federally protected intellectual property rights in the marks, the system or in any of OEF's trade secrets or confidential information, and in accordance with Section 15.3, without first submitting that action to mediation.

1.17 Arbitration. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, INCLUDING THE MEDIATION REQUIREMENT OF SECTION 15.1, ANY CONTROVERSY OR DISPUTE ARISING OUT OF, OR RELATING TO THE OFFICE EVOLUTION FRANCHISE OR THIS ADA INCLUDING, BUT NOT LIMITED TO, ANY CLAIM BY AREA DEVELOPER OR ANY PERSONS IN PRIVITY WITH OR CLAIMING THROUGH, ON BEHALF OF OR IN THE RIGHT OF AREA DEVELOPER, CONCERNING THE ENTRY INTO, PERFORMANCE UNDER, OR TERMINATION OF, THIS ADA OR ANY OTHER AGREEMENT ENTERED INTO BY OEF, OR ITS SUBSIDIARIES OR AFFILIATES, AND AREA DEVELOPER; ANY CLAIM AGAINST A PAST OR PRESENT EMPLOYEE, OFFICER, DIRECTOR, MEMBER, SHAREHOLDER OR AGENT OF OE; ANY CLAIM OF BREACH OF THIS ADA; AND ANY CLAIMS ARISING UNDER STATE OR FEDERAL LAWS, SHALL BE SUBMITTED TO FINAL AND BINDING ARBITRATION AS THE SOLE AND EXCLUSIVE REMEDY FOR ANY SUCH CONTROVERSY OR DISPUTE. However, arbitration will not be required to be used for any dispute, which involves: injunctive relief and any related incidental damages; an action for disputes or claims related to or based upon the Office Evolution trademarks; or issues related to the disclosure of or misuse of confidential information or trade secrets. "Persons in Privity" with or claiming through, on behalf of or in the right of Area Developer include but are not limited to, spouses and other family members, domestic partners, heirs, executors, representatives, successors and assigns. Subject to this Section, the right and duty of the parties to this ADA to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules (in effect as of the date the demand for arbitration is filed) of, and under the auspices of, JAMS. The arbitration, which shall be held before a single arbitrator, shall be held in the principal city closest to our principal place of business (currently Louisville, Colorado), or at such other location as shall be mutually agreed upon by the parties in writing. A single arbitrator shall be selected by the parties from a panel of neutral arbitrators provided by JAMS and shall be chosen by the striking method. Except for claims excluded from mediation and arbitration herein, 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, enforceability or formation of this ADA including, but not limited to any claim that all or any part of this ADA is void or voidable. Until such time as the arbitrator of any dispute finally resolves such dispute and determines to award attorney's fees and costs to the extent permitted by this ADA, the parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this ADA. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such court and to the propriety of venue of such court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

Parties to arbitration under this ADA shall not include, by consolidation, joinder or in any other manner, any person other than Area Developer and any Person in Privity with or claiming through, in the right of or on behalf of Area Developer or OEF, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between OEF and Area Developer or any Person in Privity with or claiming through, in the right of or on behalf of Area Developer or OEF. The parties agree that any arbitration arising out of a dispute relating to this ADA is only a matter between OEF and Area Developer and no other franchisees or area developers, if any. Area Developer agrees not to join or attempt to join other franchisees, area developers or other third-parties in any arbitration proceeding and to refrain from participating in any “Class Action” litigation or arbitration proposed or asserted by one (1) or more other franchisees. The parties expressly consent to personal jurisdiction and venue in the State of Colorado and further agree that all litigation, if any, involving an issue not subject to mediation or arbitration as set forth herein, shall be held exclusively in the state or federal court(s) closest to OEF’s principal place of business (currently Louisville, Colorado).

1.18 Notwithstanding any provision contained in this Section 15, OEF may, at its sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other temporary or permanent equitable relief against the Area Developer that may be necessary to protect its trademarks or other rights or property. However, the final right of determination of the ultimate controversy, claim or dispute shall be decided by arbitration as aforesaid and recourse to the courts shall thereafter be limited to seeking an order to enforce an arbitral award. In no event shall the Area Developer be entitled to make, the Area Developer shall not make, and the Area Developer hereby waives, any claim for money damages by way of set-off, counterclaim, defense or otherwise based upon any claim or assertion by the Area Developer that OEF has unreasonably withheld or unreasonably conditioned or delayed any consent or approval to a proposed act by the Area Developer under any of the terms of this Agreement. The Area Developer’s sole remedy for any claim shall be an action or proceeding to enforce any provisions, for specific performance or declaratory judgment.

ACKNOWLEDGEMENTS

1.19 Area Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different area development agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that OEF does not represent that all area development agreements or franchise agreements are or will be identical.

1.20 Area Developer represents to OEF that it has the business acumen, corporate authority, and financial wherewithal to enter into this ADA and to perform all of its obligations hereunder and furthermore, that the execution of this ADA is not in contravention of any other written or oral obligation of the Area Developer.

1.21 Area Developer acknowledges and accepts the following:

The success of the Area Developer in managing and operating multiple Office Evolution Franchises is speculative and will depend on many factors including, to a large extent, Area Developer’s independent business ability. Area Developer has been given the opportunity and been encouraged to obtain independent advice from legal and other professionals before entering into this ADA. This offering is not a security as that term is defined under applicable Federal and State

securities laws. The obligation to train, manage, pay, recruit and supervise employees of the Office Evolution Franchises rests solely with Area Developer. Area Developer has not relied on any warranty or representation, expressed or implied, as to the potential success or projected income of the business venture contemplated hereby. No representations or promises have been made by OEF to induce Area Developer to enter into this ADA except as specifically included herein. OEF has not made any representation, warranty or guaranty, express or implied, as to the potential revenues, profits or services of the business venture to Area Developer and cannot, except under the terms of this ADA, exercise control over Area Developer's business. Area Developer acknowledges and agrees that it has no knowledge of any representation made by OEF or its representatives of any information that is contrary to the terms contained herein.

(Signatures on following page)

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this ADA on the day and year first written above.

OEF:

OE FRANCHISE, LLC
a Colorado limited liability company

By: _____

Name: _____

Title: _____

AREA DEVELOPER:

By: _____

Name: _____

Title: _____

ATTACHMENT A

AREA DEVELOPER DATA SHEET

1. **Effective Date.** The “Effective Date” set forth in the introductory Paragraph of the ADA is _____.

2. **Area Developer.** The “Area Developer” set forth in the introductory Paragraph of the ADA is: _____.

3. **Notice Address.** The address for notices to Area Developer set forth in Section 14 of the ADA shall be the following:

Name _____
Address _____
Address _____
Address _____
City, State Zip _____
Email _____
Telephone _____

4. **Protected Search Areas.** The Protected Search Areas set forth in Section 1.1 of the ADA shall be the geographic areas described below:

5. **Franchise Development and Multi-Unit Development Fee.** The Number of Office Evolution Franchises to be developed, set forth in Section 1.1 of the ADA and the Multi-Unit Development Fee, set forth in Section 3 of the ADA, shall be the following:

Number of Office Evolution Franchises to be Developed	Multi-Unit Development Fee
_____	\$ _____

6. **Development Schedule.**

Office Evolution Franchise	Franchise Agreement Execution Deadline

7. **Termination Date.** The Termination Date referenced in Section 2

OEF:

AREA DEVELOPER:

OE Franchise, LLC

By: _____
Mark Hemmeter

By: _____

Title: CEO & Founder

Title: _____

ATTACHMENT B
STATEMENT OF OWNERSHIP

Area Developer: _____

Trade Name (if different from above): _____

Form of Ownership
(Check One)

____ **Individual** ____ **Partnership** ____ **Corporation** ____ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing age owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage of Stock

Use additional sheets if necessary. Any and all changes to the above information must be reported to OEF in writing.

AREA DEVELOPER:

By: _____

Name: _____

Title: _____

EXHIBIT E



LIST OF CURRENT AND FORMER FRANCHISEES/AREA DEVELOPERS

Current Franchisees as of December 31, 2019:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Email
Bade* (operates three outlets)	Shelley	MOS North One, LLC	2155 W Pinnacle Peak Rd, Suite 201	Phoenix	AZ	85027	Shelley.Bade@OfficeEvolution.com
Timmons*	Kyle	Take 4, Inc.	4435 E Chandler Blvd, Suite 200	Phoenix	AZ	85048	Kyle.Timmons@OfficeEvolution.com
Fredricksen	Cully	California Evolution LLC	100 Shoreline Hwy Bldg B - Suite 100	Mill Valley	CA	94941	Cully.fredricksen@officeevolution.com
Arana	Rosa	R.E. Arana Inc.	3350 Shelby St. Suite 200	Ontario	CA	91764	Rosa.Arana@OfficeEvolution.com
Warekois	Tom	Next Gen Business Centers LLC	30721 Russell Ranch Rd	Westlake Village	CA	91362	Tom.warekois@officeevolution.com
Coburn	Ryan	Tyche Colorado LLC	6015 S. Main St. Suite 200	Aurora	CO	80016	Ryan.coburn@officeevolution.com
Ollom	Michael	Pathchanger, Inc.	2580 E Harmony Rd	Ft Collins	CO	80508	Michael.ollom@officeevolution.com
Baroway* (operates three outlets)	Scott	Denver Office Partners LLC	4 West Dry Creek Cir. Suite 100	Littleton	CO	80120	Scott.baroway@officeevolution.com
Dede*	Rochelle	Nirovine LLC	750 E Main St 6 th Floor	Stamford	CT	06902	Rochelle.Dede@OfficeEvolution.com
Wielgus*	Michael	365 Office Solutions Inc.	5011 Gate Pkwy, Bldg 100, Suite 100	Jacksonville	FL	32256	Michael.Wielgus@OfficeEvolution.com
Przedpelski*	John	John P Group, LLC	5401 W Kennedy Blvd, Suite 100	Tampa	FL	33609	John.Przedpelski@OfficeEvolution.com
Casey* (operates two outlets)	Joe	Atlanta Office Ventures, LLC	11720 Amber Park Dr, Suite 160	Alpharetta	GA	30009	Joe.Casey@OfficeEvolution.com

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Email
Miller	Tom	FYM, LLC	1120 Depot Ln SE, Suite 100	Cedar Rapids	IA	52401	Tom.Miller@OfficeEvolution.com
Lopez*	David	Office Evolution Idaho, LLC	999 W Main St, Suite 100	Boise	ID	83702	David.Lopez@OfficeEvolution.com
Synwolt	Dan	Franklin Bauer Inc.	8745 W Higgins Rd Suite 110	Chicago	IL	60631	Dan.synwolt@officeevolution.com
Chitekwe-Mwale*	Leonard	Molere LLC	2300 Barrington Rd, Ste 400	Hoffman Estates	IL	60169	leonard.chitekwe@officeevolution.com
Shi (operates two outlets)	Joshua	OnDemand Solutions, LLC	1755 Park St, Suite 200	Naperville	IL	60563	Joshua.Shi@OfficeEvolution.com
Monson	Brian	BMKM Enterprises Inc.	550 Congressional Blvd, Suite 115	Carmel	IN	46032	Brian.Monson@OfficeEvolution.com
Seager*	Ryan	S&S Enterprises, LLC	8101 College Blvd, Suite 100	Overland Park	KS	66210	Ryan.Seager@OfficeEvolution.com
Bodley*	Marty	OE Greater Boston LLC	2 Burlington Woods	Burlington	MA	08103	Martin.bodley@officeevolution.com
Whiting	David	Five Twenty Four, Inc.	455 Eisenhower Pkwy, Suite 300	Ann Arbor	MI	48108	David.Whiting@OfficeEvolution.com
Ward*	Jason	Ward Industries, Inc.	10926 David Taylor Dr, Suite 120	Charlotte	NC	28262	Jason.Ward@OfficeEvolution.com
Barron-Antolin*	Peggy	Barron Business Enterprises, Inc.	806 Green Valley Rd, Suite 200	Greensboro	NC	27408	Peggy.Barron@OfficeEvolution.com
Abernathy* (operates two outlets)	Tara	ZEN DEN, LLC	4801 Glenwood Ave, Ste 200	Raleigh	NC	27612	Tara.Abernathy@OfficeEvolution.com

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Email
Dresdner*	Mark	Stratapult Advisors LLC	2 University Plaza, Ste 100	Hackensack	NJ	07601	Mark.dresdner@officeevolution.com
Bhavsar	Suhash	OE NJ Business Centers LLC	50 Division St. Suite 501	Somerville	NJ	08876	Suhash.bhavsar@officeevolution.com
Mossa*	Chris	M&M Office Group, LLC	350 Springfield Ave, Suite 200	Summit	NJ	07901	Chris.Mossa@OfficeEvolution.com
Fisher*	Karen	Remy Bernard Inc.	485 Rte US-1 South, Bldg C, Suite 350	Woodbridge	NJ	08830	Karen.Fisher@OfficeEvolution.com
Wezner*	Joe	JWEZ Holdings, Inc.	1 Blue Hill Plaza, Suite 1509	Pearl River	NY	10965	Joe.Wezner@officeevolution.com
Medrano* (operates three outlets)	Roland	Gallant Ventures LLC	6500 Emerald Pkwy Suite 100	Dublin	OH	43016	Roland.medrano@officeevolution.com
Delehey*	C. Mark	C. Mark Delehey	300 Welsh Rd, Bldg 1, Suite 100	Horsham	PA	19044	Mark.Delehey@OfficeEvolution.com
Fry*	Andy	Breezy Point LLC	460 King St, Suite 200	Charleston	SC	29403	Andrew.Fry@OfficeEvolution.com
Patenaude*	Mike	Goodplaces 2, Inc.	5016 Centennial Blvd, Suite 200	Nashville	TN	37209	Mike.Patenaude@OfficeEvolution.com
Fowler*	Leigh	Red Fox Labs, LLC	1300 W Sam Houston Pkwy S., Suite 100	Houston	TX	77042	Leigh.Fowler@OfficeEvolution.com
Fox*	Bob	Bob & Vicki Fox, LLC	180 State St, Suite 225	Southlake	TX	76092	Bob.Fox@OfficeEvolution.com

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Email
Balderson* (operates two outlets)	Jim	FENS Business Centers LLC	3115 East Lion Ln Unit 160	Holladay	UT	84121	Jim.balderson@officeevolution.com
Smith* (operates three outlets)	Mark	WFBC LLC	175 South Main Suite 500	Salt Lake City	UT	84111	Mark.smith@officeevolution.com
Yu	John	Office Evolution-Nova, LLC	8609 Westwood Center Dr, Suite 110	Tysons Corner	VA	22182	John.Yu@OfficeEvolution.com

*Area Developer Franchises

Franchisees with Unopened Outlets as of December 31, 2019:

Last Name	First Name	Entity Name	Address	City	State	Email
Boles*	Deon	Deon Boles	15244 Via Lomita	Monte Sereno	CA	Deon.Boles@OfficeEvolution.com
Cain*	Marcus	Cain Ventures Inc.	1721 Stone Canyon Dr	Sacramento	CA	Marcus.Cain@OfficeEvolution.com
Bratt*	Rhett	Lopshire Bratt Enterprises	2316 Stewart Ave	Walnut Creek	CA	Rhett.Bratt@OfficeEvolution.com
Martin	Kim	Glory Falls Office, Inc	13345 Eastonville Rd	Elbert	CO	Kim.Martin@OfficeEvolution.com
Anthony*	David	Anthony Capital, LLC	14517 Jason Drive	Westminster	CO	David.Anthony@OfficeEvolution.com
Kaufman*	Laura	Ezra Partners, Inc.	23 Bonnie Brook Rd	Westport	CT	Laura.Kaufman@OfficeEvolution.com
Uribazo*	Eduardo	OE of Broward, LLC	16197 SW 6th St	Pembroke Pines	FL	Eddie.Uribazo@OfficeEvolution.com
Casey* (operates two outlets)	Joe	Atlanta Office Ventures, LLC	11720 Amber Park Dr, Suite 160	Alpharetta	GA	Joe.Casey@OfficeEvolution.com
Lopez*	David	Office Evolution Idaho, LLC	2339 W Spring Mountain Drive	Boise	ID	David.Lopez@OfficeEvolution.com
Fifer	Tom	54Innovations, Inc.	5233 Kathcart Way	Indianapolis	IN	Tom.Fifer@OfficeEvolution.com

Last Name	First Name	Entity Name	Address	City	State	Email
Jonz*	Jon	Decem Corporation	130 Ridgecrest Dr.	Chesterfield	MO	Jon.Jonz@OfficeEvolution.com
Osbon	Billy (Cliff)	Southern Office Solutions, LLC	106 Saint Charles Drive	Madison	MS	Cliff.Osbon@OfficeEvolution.com
Garrido*	Jose	Mariposa Investments, LLC	254 Audley St	South Orange	NJ	Jose.Garrido@OfficeEvolution.com
Neal	Jenny	Jenny Neal	4460 Haybury Dr.	New Albany	OH	Jenny.Neal@OfficeEvolution.com
Ninan	Tony	ISM Ventures, LLC	8516 High Summit Lane	Austin	TX	Tony.Ninan@OfficeEvolution.com
Perales	Guillermo	365, LLC	4055 Valley View Ln, Suite 500	Dallas	TX	peralesg@sunholdings.net
Anderson*	Phillip	PART Office Solutions LLC	151 Bristol Bend Cir	The Woodlands	TX	Phillip.Anderson@OfficeEvolution.com
Gruszka*	Martin	Fortitude One Inc.	20921 Lohengrin Ct	Ashburn	VA	Martin.Gruszka@OfficeEvolution.com
Yu	John	Office Evolution-Nova, LLC	8609 Westwood Center Dr, Suite 110	Tysons Corner	VA	John.Yu@OfficeEvolution.com
Holland*	Frank	HL Office, LLC	9829 NE 13 th St	Bellevue	WA	Frank.Holland@OfficeEvolution.com

*Area Developer Franchises

Former Franchisees:

The name and last known address of every franchisee who had an Office Evolution Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2019 to December 31, 2019, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Last Name	First Name	Entity Name	Address	City	State	Email
Fireman	Ted	FireGuy Ventures, LTD		Columbus	OH	Ted.Fireman@officeevolution.com

Last Name	First Name	Entity Name	Address	City	State	Email
Barcley	Tina	McBarcley Enterprises, Inc.		Rochester	NY	Tina.Barcley@officeevolution.com
Cannon ⁽¹⁾	John	Main Line Ohana	525 Downing Court	Exton	PA	John.Cannon@OfficeEvolution.com

(1) Franchisee never opened their Office Evolution Business

EXHIBIT F



**FRANCHISE OPERATIONS MANUAL
TABLE OF CONTENTS**



OFFICE EVOLUTION

FRANCHISE OPERATIONS MANUAL

TABLE OF CONTENTS

Volume	Topic	Pages
A	Start Up Guide	82
B	Human Resources	64
C	Business Center Operations	36
D	Guide to Sales Operations	44
E	Billing, Accounting, and Financial Reporting	28
	Total number of pages	254

EXHIBIT G

CONTRACTS FOR USE WITH THE OFFICE EVOLUTION FRANCHISE

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Office Evolution Business. The following are the forms of contracts that OE Franchise, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

EXHIBIT G-1

OFFICE EVOLUTION FRANCHISE

LEASE ADDENDUM

This Addendum to Lease ("**Addendum**"), dated _____, 20____, is entered into by and between _____ ("**Landlord**"), _____ ("**Tenant**") and OE Franchise, LLC ("**Franchisor**"), collectively referred to herein as the "**Parties**".

A. Landlord and Tenant have entered into a certain Lease Agreement dated _____, 20____, and pertaining to the premises located at _____ ("**Lease**").

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises ("**Premises**") pursuant to a Franchise Agreement ("**Franchise Agreement**") with Franchisor under Franchisor's trademarks and other names designated by Franchisor (herein referred to as "**Franchised Business**" or "**Franchise Business**").

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant's use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant's use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant's right, title, and interest in the Lease to a Franchise Assignee at any time during the term of the Lease, including any extensions or renewals thereof. If Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant's interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provided such Franchise Assignee cures a default of the Lease no later than ten (10) days following the end of Tenant's cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant's rights granted in the Lease including without limitation: (x) any grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under

this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten (10) day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

OE Franchise, LLC
357 McCaslin Boulevard, Suite 200
Louisville, CO 80027

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.

6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material

requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Landlord has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

IN TESTIMONY WHEREOF, witness the signatures of the Parties hereto as of the day, month, and year first written above.

LANDLORD:

TENANT:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

FRANCHISOR:

By: _____

Printed Name: _____

Title: _____

Rev. 021219

EXHIBIT G-1

Attachment 1

ATTACHMENT 1 TO LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ____ day of _____, 20__ (“**Effective Date**”), the undersigned, _____ (“**Assignor**”) hereby assigns, transfers and sets over unto _____ (“**Assignee**”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A (“Lease”)** with respect to the premises located at _____. This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

(Signatures on following page)

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

By: _____

Printed Name _____

Its: _____

ASSIGNEE:

By: _____

Printed Name _____

Its: _____

Rev. 021219

EXHIBIT G-2

OFFICE EVOLUTION FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of OE Franchise, LLC, a Colorado limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Office Evolution franchisees to use, sell, or display in connection with the marketing and/or operation of an Office Evolution Business, whether now in existence or created in the future.

“*Franchisee*” means the Office Evolution franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an Office Evolution Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of an Office Evolution Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Office Evolution Business, including “OFFICE EVOLUTION” and any other trademarks, service marks, or trade names that we designate for use by an Office Evolution Business. The term “Marks” also includes any distinctive trade dress used to identify an Office Evolution Business, whether now in existence or hereafter created.

“*Office Evolution Business*” means a business that provides shared office services, including live answering service and telephone call management, executive suites, offices for lease, temporary office rentals, conference and training room rentals, co-working/drop in work space, business center locations, and other related products and services using our Intellectual Property.

“*System*” means our system for the establishment, development, operation, and management of an Office Evolution Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Office Evolution Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of OE Franchise, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Office Evolution franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of OE Franchise, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Colorado, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

EXHIBIT G-3

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
☐ Checking ☐ Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

Authorization:

Franchisee hereby authorizes OE Franchise, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____
Name: _____
Its: _____

Federal Tax ID Number: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT G-4

OFFICE EVOLUTION FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into this ____ day of _____, 20____, between OE Franchise, LLC (“**Franchisor**”), a Colorado limited liability company, _____ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and _____, a [State] [corporation/limited liability company] (“**New Franchisee**”).

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate an Office Evolution franchise located at _____ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).
2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.
3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.
4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the Franchised Business are terminated and that from the date of this

Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of an Office Evolution franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

OE FRANCHISE, LLC

By: _____

Printed Name: _____

Title: _____

FORMER FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

NEW FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Rev. 082418

EXHIBIT G-5

OFFICE EVOLUTION FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20__ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of OE Franchise, LLC, a Colorado limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate an Office Evolution business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] or [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such [transfer/successor franchise agreement/amendment/termination/other reason]; and

WHEREAS, as a condition to Franchisor's consent to [transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason], Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the

franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Colorado.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

Signature

Typed or Printed Name

Rev. 061518

EXHIBIT G-6

SBA ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on _____, 20____, by and between (“Franchisor”), located at _____, and (“Franchisee”), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20____, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for a loan (“Loan”) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR:

FRANCHISEE:

By: _____ By: _____

Print Name: _____ Print Name: _____

Note to Parties: This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements. Print Name: _____

Note to Parties: This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT G-7

CORPORATE GUARANTY AMENDMENT TO FRANCHISE AGREEMENT

This Amendment ("**Amendment**") to the Franchise Agreement is made and entered into on _____, 2017, by and between OE FRANCHISE, LLC, a Colorado limited liability company ("**OEF**" or "**Franchisor**") and _____, a _____ (the "**Franchisee**").

BACKGROUND

A. Franchisor and Franchisee have entered into that certain Office Evolution Franchise Agreement dated _____ ("**Franchise Agreement**") pursuant to which Franchisee will operate an Office Evolution franchised business at _____ ("**Franchised Business**").

B. Franchisee has requested that Franchisor serve as a backup guarantor of Franchisee's lease dated _____, 20__ for the Franchised Business (the "**Lease**"). Franchisor has agreed, subject to the terms of this Amendment, to serve as a partial guarantor under the Lease.

C. Franchisor and Franchisee desire to amend the terms of the Franchise Agreement by incorporating the terms of this Amendment into the Franchise Agreement. Capitalized terms not defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

AGREEMENT

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and promises of the parties, and subject to the following terms and conditions, it is agreed as follows:

1. **FRANCHISOR'S GUARANTY OF LEASE.** Subject to the terms of this Amendment and to the terms of a guaranty negotiated by Franchisor and Franchisee's landlord under the Lease, Franchisor agrees to guaranty Franchisee's rent payments under the Lease. Franchisee acknowledges and agrees that: (i) Franchisor and the landlord under the Lease may not be able to reach agreement related to the terms of Franchisor's guaranty; (ii) Franchisor may in its sole discretion elect not to enter into a guaranty with the landlord under the Lease; (iii) Franchisee is not a third party beneficiary of Franchisor's guaranty under the Lease; (iv) Franchisor will not have any obligation or any liability under the Lease to Franchisee's landlord unless and until the landlord has first exhausted all of its remedies against Franchisee as tenant under the Lease; (v) Franchisor's agreement to guaranty certain of Franchisee's obligations under the Lease does not constitute any representation or warranty by Franchisor that the Franchised Business will be successful or that the Lease is approved; (vi) Franchisor's guaranty of the Lease does not release Franchisee of its obligations to comply with the terms of the Franchise Agreement related to the Lease and construction of the Franchised Business; and (vii) Franchisor shall have no liability of any kind to Franchisee under the guaranty. If Franchisor does not for any reason make any payment or take any action which Franchisee's landlord demands of Franchisor, Franchisee hereby waives its right to make any claim of any sort against Franchisor.

2. **PAYMENT TO FRANCHISOR.** In consideration of Franchisor's guaranty of the Lease, Franchisee shall pay Franchisor \$ _____. As long as Franchisee is not in default of the Franchise Agreement, Franchisor will allow Franchisee to pay such amount to Franchisor in eight installments in the following amounts:

- a. \$ _____ on _____.
- b. \$ _____ on _____.
- c. \$ _____ on _____.
- d. \$ _____ on _____.
- e. \$ _____ on _____.
- f. \$ _____ on _____.
- g. \$ _____ on _____.
- h. \$ _____ on _____.

3. **ADDITIONAL FRANCHISE AGREEMENT PROVISIONS.** Franchisor and Franchisee agree to amend the following specific terms of the Franchise Agreement as a material inducement to Franchisor entering into this Amendment:

- a. Section 10.F of the Franchise Agreement is hereby deleted in its entirety and replaced with the following clause:

“(8) Any breach by Franchisee of its lease for the Business Center including any Losses incurred by OEF or its affiliates as a result of their guaranty of the lease.”

- b. Section 20.C(9) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

“(9) Franchisee suffers cancellation of or fails to renew or extend a lease or otherwise fails to maintain possession of the Business Center without OEF’s written consent, or OEF is obligated to make any payments to Franchisee’s landlord under a guaranty of the lease or otherwise.”

4. **CONFIDENTIALITY.** Franchisee agrees to keep the terms of this Amendment confidential and not disclose the contents of this Amendment to any third party, excluding Franchisee’s representatives, without the prior written consent of Franchisor.

5. **AMENDMENT BINDING.** This Amendment will be binding upon and inure to the benefit of each party and to each party’s respective successors and assigns.

6. **FURTHER ASSURANCE.** Each of the parties will, upon reasonable request of the other, sign any additional documents necessary or advisable to fully implement the terms and conditions of this Amendment.

7. **REAFFIRMATION.** Except as specifically modified by this Amendment, all of the terms and conditions of the Franchise Agreement (including provisions for notice, construction, and dispute resolution) are reaffirmed in their entirety. In the event of any inconsistency between the provisions of the Franchise Agreement and this Amendment, the terms of this Amendment shall control.

Signatures on following page

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Amendment as of the date first written above.

FRANCHISOR:

OE FRANCHISE, LLC
a Colorado limited liability company

By: _____

Title: _____

FRANCHISEE:

ENTITY NAME
State of incorporation/organization

By: _____

Title: _____

ATTACHMENT A

Required Modifications To
Leasehold Premises

Our Initials: _____

Your Initials: _____

EXHIBIT H



FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, OE Franchise, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement, and if applicable, an Area Development Agreement, for the operation of an Office Evolution franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement, and if applicable, the Area Development Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

1. Yes___ No___ Have you received and personally reviewed the Franchise Agreement, and if applicable, the Area Development Agreement, and each attachment or exhibit attached to it that we provided?
2. Yes___ No___ Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3. Yes___ No___ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4. Yes___ No___ Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement, and if applicable, the Area Development Agreement?
5. Yes___ No___ Have you reviewed the Franchise Disclosure Document and Franchise Agreement, and if applicable, the Area Development Agreement, with a franchise attorney, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6. Yes___ No___ Have you had the opportunity to discuss the benefits and risks of developing and operating an Office Evolution Franchise with an existing Office Evolution franchisee?
7. Yes___ No___ Do you understand the risks of developing and operating an Office Evolution Franchise?
8. Yes___ No___ Do you understand the success or failure of your Office Evolution Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
9. Yes___ No___ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement, and if applicable, the Area Development

Agreement, must be arbitrated in Colorado, if not resolved informally or by mediation?

10. Yes___ No___ Do you understand that you must satisfactorily complete the initial training program before we will allow your Office Evolution Franchise to open or consent to a transfer of the Office Evolution Franchise to you?
11. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an Office Evolution Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, and if applicable, the Area Development Agreement, and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an Office Evolution Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes___ No___ Do you understand that the Franchise Agreement, including each attachment or exhibit to the Franchise Agreement, and if applicable, the Area Development Agreement, contains the entire agreement between us and you concerning the Office Evolution Franchise, meaning any prior oral or written statements not set out in the Franchise Agreement, and if applicable, the Area Development Agreement, or the attachments or exhibits to the Franchise Agreement, and if applicable, the Area Development Agreement, will not be binding?
15. Yes___ No___ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Date

Date

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

EXHIBIT I



**STATE ADDENDA
AND AGREEMENT RIDERS**

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR OE FRANCHISE, LLC

The following modifications are made to the OE Franchise, LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to Franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20____ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Colorado. When the term “Supplemental Agreements” is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor’s Choice of Law State. 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 provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor’s Choice of Law State. This provision may not be enforceable under California law.

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

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

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).

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

Item 1 of the FDD is revised to include the following under Industry-Specific Laws:

Because you collect information from customers, it may contain personal information of individuals which is protected by law. You are also responsible for complying with all applicable current and future federal, state and local laws, regulations and requirements, including the California Consumer Privacy Act (as applicable), pertaining to the collection, protection, use, sale, disposal and maintenance of such personal information. Personal information includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state, and local laws, regulations and requirements. You may also be required to comply with opt-in requirements on your website.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE

INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates" and have a registration date.
2. States in which this proposed registration is or will shortly be on file are listed on the third page of the FDD on the page entitled, "State Effective Dates" and do not have a registration date listed.
3. States which have revoked or suspended the right to offer the Franchises are:

None
4. States in which the proposed registration of these Franchises has been withdrawn are:

None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

Surety Bond

Item 5 of the FDD is amended to state The Illinois Attorney General’s Office has imposed a bond requirement because of our financial condition. The Surety Bond has been filed with the Illinois Attorney General’s Office.

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Protected Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to OE Franchise, LLC, 357 McCaslin Boulevard, Suite 200, Louisville, CO 80027, or send a fax to OE Franchise, LLC at (303) 625-4031 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Item 17 of the FDD and sections of the Franchise Agreement and Area Development Agreements are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Area Development Agreement is amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.).

Franchise Fee Escrow

Items 5 and 7 of the Franchise Disclosure Document, the Franchise Agreement and the Area Development Agreement are hereby amended to state that based upon the Franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and initial payments owed by Franchisees shall be escrowed at First Western Trust, until the Franchisor completes its pre-opening obligations under the Franchise Agreement and the Franchisee is open and operational. In addition, all development fees and initial payments by Area Developer shall be escrowed until the first franchise under the Area Development Agreement opens.

MICHIGAN

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

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us, and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement 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 you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.
 - (ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.
 - (iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating

to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Section 12.I. of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

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

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

“You may terminate the agreement on any grounds available by law.”

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

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

NORTH DAKOTA

1. ITEM 17 of the Franchise Disclosure Document and corresponding Sections of the Franchise Agreement and the Area Development Agreement are amended by the addition of the following language to the original language or deleted as indicated:

A. “Requirements for you to renew or extend” (ITEM 17(c) of the Franchise Disclosure Document, and Section 19 of the Franchise Agreement) are amended to include the following language: “The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.”

B. “Your obligations on termination/non-renewal” (ITEM 17(i) and Section 20 and 21 of the Franchise Agreement) are amended to read:

“The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney fees.”

C. “Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.”

D. “Dispute resolution by arbitration or mediation” (ITEM 17(u) of the Franchise Disclosure Document, Section 23 and 24 of the Franchise Agreement, and Section 15 of the Area Development Agreement) is amended to read as follows:

“The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee’s place of business.”

E. “Choice of Forum” (ITEM 17(v) of the Franchise Disclosure Document, Section 24 of the Franchise Agreement, and Section 15 of the Area Development Agreement) is amended with the following language:

“Any action will be brought in the appropriate state or federal court in North Dakota.”

F. The “Choice of Law” (ITEM 17(w) of the Franchise Disclosure Document, Section 24 of the Franchise Agreement, and Section 15 of the Area Development Agreement) is amended to read as follows:

“This Agreement takes effect upon its acceptance and execution by Company in North Dakota.”

2. “Payment of Costs and Expenses” (Section 24.F of the Franchise Agreement) is amended to allow the prevailing party in any enforcement action to recover all costs and expenses including attorney’s fees.

3. “Covenants” (Section 22 of the Franchise Agreement) is amended by the addition of the following language to the original language that appears therein:

“Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.”

4. “Potential Awards” (Sections 24.H of the Franchise Agreement) is amended to delete any reference to a waiver of exemplary or punitive damages.

5. “Waiver of Jury Trial” (Section 24.G of the Franchise Agreement) is deleted in its entirety.

6. “Limitation of Claims” (Section 24 of the Franchise Agreement) is amended to delete any reference to a waiver of exemplary or punitive damages and the second and third sentences of this Section will be deleted in their entirety and read as follows:

“Except with regard to Franchisee’s obligation to pay Franchisor and its affiliates Royalty payments, the Marketing Fee and other advertising fees, and other payments due from Franchisee pursuant to this Agreement or otherwise, any claims between the parties must be commenced within the time period allowable under North Dakota law.”

7. “Caveats” (Section 27 of the Franchise Agreement) is amended by the addition of the following language to the original language that appears therein to read as follows:

“Franchisee acknowledges that Franchisee received a copy of this Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.”

Fee Deferral

Items 5 and 7 of the FDD, Section 11 of the Franchise Agreement and Section 3 of the Area Development Agreement regarding payment of the initial franchise fee and multi-unit development fees are amended to state that these fees will be deferred until all initial obligations owed to the franchisee by franchisor have been fulfilled and the franchisee has commenced doing business pursuant to the Franchise Agreement.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller’s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction,

mail or deliver a signed and dated copy of this cancellation notice or any other written notice to OE Franchise, LLC, 357 McCaslin Boulevard, Suite 200, Louisville, CO 80027, or send a fax to OE Franchise, LLC at (303) 625-4031 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

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

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for OE Franchise, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Surety Bond

Item 5 of the FDD is amended to state The Washington Department of Financial Institutions has imposed a bond requirement because of our financial condition. The Surety Bond has been filed with the Washington Securities Division.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California
☐ Hawaii
☐ Illinois
☐ Iowa
☐ Indiana
☐ Maryland

☐ Michigan
☐ Minnesota
☐ New York
☐ North Dakota
☐ Ohio

☐ Rhode Island
☐ South Dakota
☐ Virginia
☐ Washington
☐ Wisconsin

Dated: _____, 20____

FRANCHISOR:

OE FRANCHISE, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

Rev. 031516

EXHIBIT J



**STATE EFFECTIVE DATES &
RECEIPTS**

STATE EFFECTIVE DATES

The following states require the 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 disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Effective Dates for States Requiring Registration and Notice Filings:

STATE	EFFECTIVE DATE
CALIFORNIA	
HAWAII	
ILLINOIS	
INDIANA	
MARYLAND	
MICHIGAN	APRIL 19, 2019
MINNESOTA	
NEW YORK	
NORTH DAKOTA	
RHODE ISLAND	
SOUTH DAKOTA	
VIRGINIA	
WASHINGTON	
WISCONSIN	

RECEIPT
(Retain This Copy)

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

If OE Franchise, 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, OE Franchise, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires OE Franchise, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If OE Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Mark Hemmeter, OE Franchise, LLC, 357 McCaslin Blvd, Ste 200, Louisville, CO 80027

Issuance Date: **April 15, 2020**

I received a disclosure document issued **April 15, 2020**, which included the following exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit E	List of Current and Former Franchisees/Area Developers
Exhibit F	Franchise Operations Manual Table of Contents
Exhibit G	Contracts for use with the Office Evolution Franchise
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Addenda and Agreement Riders
Exhibit J	State Effective Dates and Receipts

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

**RECEIPT
(Our Copy)**

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

If OE Franchise, 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, OE Franchise, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires OE Franchise, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If OE Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Mark Hemmeter, OE Franchise, LLC, 357 McCaslin Blvd, Ste 200, Louisville, CO 80027

Issuance Date: **April 15, 2020.**

I received a disclosure document issued **April 15, 2020**, which included the following exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit E	List of Current and Former Franchisees/Area Developers
Exhibit F	Franchise Operations Manual Table of Contents
Exhibit G	Contracts for use with the Office Evolution Franchise
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Addenda and Agreement Riders
Exhibit J	State Effective Dates and Receipts

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

Please sign this copy of the receipt, date your signature, and return it to OE Franchise, LLC, 357 McCaslin Boulevard, Suite 200, Louisville, CO 80027.