EcoUpgraders SM
Pono Home ®

FRANCHISE DISCLOSURE DOCUMENT

PONO HOME, INC.
a Delaware Corporation
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www.ponohome.com
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This Disclosure Document describes a franchise for a "green" services business that provides conservation, water and energy saving, sustainability and educational services and products to apartments, homes and businesses This business will operate under the *Pono Home* name in Hawaii and *EcoUpgraders* elsewhere

The total investment necessary to begin operation of the business is from $30,350 to $75,700, including an $8,950 franchise fee and a territory fee that ranges from $4,000 to $10,000, depending on the number of residents in the franchisee's territory, that must be paid to the franchisor

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Scott Cooney at the above address

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", that 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 sources of information on franchising

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

Issuance date March 21, 2017

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in your state

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN HAWAII OUT-OF-STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE AND ARBITRATE WITH US IN HAWAII THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT HAWAII LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

STATE EFFECTIVE DATES

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

This Franchise 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

State	Effective Date
California	Pending
Hawaii	Pending

In all other states, except those requiring registration or filing of the franchising documents, the effective date of this Franchise Disclosure Document is the issuance date of March 21, 2017

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Franchise Disclosure Document

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<u>Exhibits</u>

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To sımplıfy the language ın thıs dısclosure document, words such as "we", "us" and "our", refer to Pono Home, Inc , the franchısor of *EcoUpgraders* and *Pono Home* busınesses Words such as "you" and "your" refer to the purchaser of thıs franchıse

EcoUpgraders ıs a dıvısıon of Pono Home, Inc which ıs a corporatıon that was formed ın Delaware on Aprıl 8, 2014 Our prıncıpal busıness address ıs 1000 Bıshop Street, Suıte 505, Honolulu, Hawaıı 96813 Our telephone number ıs (844)467-6661

Our affılıate, Sustaınable Enterprıses Medıa, Inc operates several web sıtes ıncludıng HomeEfficıency com and MobıleSolutıons tech HomeEfficıency com provıdes on-lıne traınıng modules and other servıces to persons seekıng to provıde servıces sımılar to those provıded to *EcoUpgraders* and *Pono Home* franchısees ın areas other than those where our franchıses are offered, prıncıpally foreıgn countrıes MobıleSolutıons tech provıdes customızed cloud-based documentatıon servıces for those who desıre the avaılabılıty of mobıle data entry of project parameters and detaıls

Operatıng and franchısıng *EcoUpgraders* and *Pono Home* busınesses are our only busıness actıvıtıes We do busıness exclusıvely under the names *EcoUpgraders* and *Pono Home*

The names and addresses of our agents for servıce of process ın certaın states are lısted on Exhıbıt A to thıs dısclosure document

We began offerıng franchıses for *Pono Home* franchıses ın 2015 The servıces and products offered by *Pono Home* franchıses are ıdentıcal wıth those offered by *EcoUpgraders* franchıses We contınue to use the name and trademark *Pono Home* ın Hawaıı rather than usıng *EcoUpgraders* sınce we have become known ın Hawaıı under the *Pono Home* name We have not engaged ın or franchısed any other lınes of busıness

The busınesses we franchıse are resıdentıal and lıght commercıal servıce busınesses desıgned to reduce electrıc, water, and gasolıne bılls, reduce carbon footprınts ın a sıgnıficant, tangıble and long-lastıng way, help people ıdentıfy and, ıf they choose, elımınate GMOs and petrochemıcal ıngredıents ın theır food and personal care products and educate people to lıve more earth-frıendly, sustaınable lıfestyles *EcoUpgraders* and *Pono Home* technıcıans provıde a customer wıth a sustaınabılıty audıt of theır home or busıness ındıcatıng where they can make theır home or busıness more healthful and more energy and water efficıent They also provıde varıous servıces to maıntaın the optımal efficıency of a home or office and sell customers efficıency hardware, such as energy-efficıent lıght bulbs, water-savıng devıces and the lıke Our technıcıans also can provıde a revıew of a home or office to poınt out ıtems contaınıng chemıcals and GMOs

Our servıces can be adapted for offices and other busınesses whıch desıre to provıde a greener envıronment for theır workers whıle savıng money on utılıty bılls The actıvıtıes of the busıness are not seasonal

Our businesses compete with other green-oriented businesses, some of which may be situated in the area in which your business will be located Businesses providing the comprehensive services we provide are not yet well developed with very few businesses offering the range of goods and services provided by our business

There are no special laws or regulations governing the type of services and products offered by our business However, depending on the type of services you provide, some jurisdictions may require you to be a licensed contractor, plumber or handyman Other than that, general laws and regulations governing businesses in general apply to our business

ITEM 2 BUSINESS EXPERIENCE

Scott Cooney - Chief Executive Officer and Secretary

Mr Cooney assumed his positions upon our formation in April, 2014 Since April, 2010, he has also been Chief Executive Officer and Chairman of the Board of Directors of Sustainable Enterprises Media, Inc , headquartered in El Cerrito, California, which, in addition to the web sites described in Item 1 above, operates www ImportantMedia org, one of the world's largest sustainability media companies with over 3 million monthly readers From January, 2012, until May, 2014, Mr Cooney was also Adjunct Professor at the Shidler College of Business at the University of Hawaii in Honolulu, where he taught a course in its MBA program on sustainability practices for businesses Prior to 2010, Mr Cooney worked at Saatchi & Saatchi S, a sustainability consultancy, in San Francisco, California, where he served as a project manager and consultant on sustainability projects for Johnson & Johnson, Procter & Gamble, Wal-Mart, NBC Universal and Duke Energy

Sara Cobble – Chief Operations Officer

Ms Cobble assumed her position in May, 2016 Ms Cobble was a RISE (Rewarding Internships for Sustainable Employment) Intern in 2014 and was hired as Pono Home, Inc 's General Manager in 2015 Prior to her RISE internship, Ms Cobble was a student in the Masters in Global Leadership and Sustainable Development program at Hawaii Pacific University

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5 INITIAL FEES

The initial fees payable for an *EcoUpgraders* or *Pono Home* franchise consist of an initial franchise fee and a territory fee The franchise fee is $8,950 00 The territory fee is based on the number of residents in the zip code or codes that make up your Territory, the area in which we agree not to open or grant another *EcoUpgraders* or *Pono Home* business The territory fee is based on ten cents per resident in the zip code or codes that make up your Territory with a minimum territory fee of $4,000 00 and a maximum territory fee of $10,000 00 Determination of the population in a territory will be based on the latest-available data from the United States Census Bureau Your territory will normally not contain over 100,000 people

The franchise fee is not refundable However, if the Franchise Agreement is terminated for any reason before you open for business, the territory fee is refundable if you have not begun our training course If you have begun our training course, that fee is not refundable

ITEM 6 OTHER FEES

Type of fee	Amount	Due Date	Remarks
Monthly Royalty	4½% of your gross receipts with a minimum, beginning 6 months after you begin your business, of $100 per month for the next 18 months and $200 per month thereafter (See Note 1)	10th day of the month following the month on which the fee is based	"Gross receipts" means the proceeds from all of your sales and services less the items specified in Section 3 4 of the Franchise Agreement
Advertising Fund	Up to 3% of your gross receipts	When the royalty payment due	This fee only becomes payable if and when we form a cooperative advertising program
Additional Training Fee	$500 per trainee	Prior to training	For training in addition to the training we provide as part of our initial services
Renewal Fee (See Note 1)	$1,999	Upon signing your renewal Franchise Agreement	We do not provide additional services to you in connection with the renewal of your franchise even though a new Franchise Agreement is signed
Transfer Fee (See Note 1)	$2,500	Upon approval of the transfer	Payable upon the transfer of 50% or more of the interests in the franchise
Late Charge	1 1/2% per month	As we require	A late charge is only payable on past due amounts
Audit Fee	Cost of audit, including costs and time of our employees, accountants and others	Upon payment of amounts due	Only payable if we audit your records and find that you have intentionally underreported your gross receipts, underreported them in excess of 3% for any month or have not provided the financial reports required by your Franchise Agreement

Notes: 1 This fee is subject to adjustment by any increase in the Consumer Price Index between the date of the Franchise Agreement and the date on which the event giving rise to the fee occurs

2 Unless otherwise indicated, all of the foregoing fees and charges are payable to us, are uniformly imposed and are not refundable

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee (See Note 1)	$8,950	Lump Sum	Upon signing the Franchise Agreement	Us
Territory Fee (See Note 1)	$4,000 to $10,000	Lump Sum	Upon signing the Franchise Agreement	Us
Tools and Equipment	$1,500 to $2,000		Prior to starting business	Vendors
Work Vehicle (See Note 2a)	$500 to $25,000	Monthly Installments	As required by dealer or leasing company	Dealer or leasing company
Furniture, Fixtures & Office Equipment (See Note 2)	$0 to $1,000	As Incurred	Before opening	Vendors
Signs for Vehicle and Office	$100 to $250	Lump Sum	As required by supplier	Sign companies
Rent (See Note 3)	0 to $2 00 per square foot per month	Lump Sum	Monthly	Landlord

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Preopening Deposits and Prepaid Expenses	$2,500 to $6,000	As Incurred	As required by payee	Utility company, government agencies, insurance companies, attorney, accountant, etc
Computer System and Software and/or Smart Phone (See Note 4)	$0 to $1,500	As Incurred	As required by vendors	Vendors
Initial Inventory	$5,000 to $6,000	Lump Sum	As required by vendors	Suppliers of resale merchandise
Travel and Living Expenses While Attending Training	$300 to $3,000	As Incurred	As required by providers	Airlines, hotels, restaurants, etc
Preopening Advertising, Grand Opening Promotion and Other Preopening Expenses	$1,500 to $2,000	As Incurred	As required by providers	Direct mail providers, newspapers, etc
Additional Funds, first 3 months (See Note 5)	$6,000 to $10,000	As Needed	As Incurred	Employees, suppliers, lessor, etc
TOTAL (Not including rent or lease deposits) (See Note 6)	$30,350 to $75,700			

Notes

1 The initial franchise fee is not refundable but the territory fee is refundable if you have not completed our training course when the Franchise Agreement is terminated

2 If you already have a home office you may not need to purchase these items If you do need them, you may be able to lease the items If you do so, your initial outlay will be less but your overall payments may be higher

2a If you have a professional-looking, clean, and relatively modern vehicle that will suffice for your business needs, you are free to use it rather than buying or leasing a newer one If needed, a van or other appropriate work vehicle can be leased, purchased used or purchased new

3 Rent will only be payable if you rent space for your office and storage space You will need an office of approximately 75 square feet and a secure storage space of at least 80 square feet Rental amounts can vary depending upon the size of the space, the area in which the business is located, its size, the condition of the premises, if any, and other factors You probably will also have to pay the landlord a first and last months' rent deposit and possibly a lease security deposit at the time of signing the lease If your business is home-based, your need for rent may depend on the storage space you have available at home and whether you need to have some or all of your storage elsewhere

4 You must acquire an approved computer system that will allow you to keep your records using approved software and one that will enable us to exchange information regarding your business See Item 11 for information on your computer system

5 This estimate is for initial and ongoing expenses during your first 3 months of operation Items covered include payroll, rent, telephone, utilities, advertising, employee training and miscellaneous ongoing expenses An initial reserve for working capital is needed since new businesses often are not profitable during the early days of their operation There is no assurance your cash requirements will not exceed our estimate As such, you may need additional money during this start-up phase or thereafter Your costs will depend on factors such as how well you follow our system, your management skills and business acumen, local economic conditions and the business level reached during your initial period operation In estimating these numbers, we relied on the experience of our Chief Executive Officer in operating a *Pono Home* business in Hawaii

6 We do not offer financing to our franchisees for any of the foregoing expenses None of the fees paid to us are refundable except as expressly stated above Typically, amounts paid to third parties will not be refundable unless otherwise agreed with the concerned provider

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

If you rent an office that is open to the public (e g , for meeting with customers or for displaying products), we must approve your business location At the appropriate time, we will provide you with our requirements and specifications for your furniture, equipment and certain supplies You are required to follow these specifications We can modify our specifications and requirements periodically in our discretion While your furniture, fixtures, equipment and certain other items must meet our specifications, as of the date of this disclosure document we do not specify the suppliers from which you must purchase these items

We derive revenue from any items you purchase from us and our affiliates will derive revenue from any items you purchase from them As of the date of this disclosure document, we do not require that you purchase any products from us If you purchase items from our Amazon affiliate store, we receive a small percentage of your qualifying purchases

You must acquire and use the computer hardware and software that we specify or otherwise approve You must purchase a smart phone and a computer system adequate for the operation of your business See Item 11 below for more information about the computer system and software you must purchase for the operation of your business

We must approve all of the products that you sell and the services you provide We will provide the specifications for the products that must meet our requirements to any reputable supplier

If we have designated a supplier for any product or service you are required to purchase and you want to use a supplier that we have not yet approved, you must give us written notice of the identity and address of the supplier and the product or service you want to acquire from that supplier We can request information on and samples of those items to use in evaluating your request After we receive all of the information we require concerning the supplier and its goods or services, we will either approve or disapprove of the supplier normally within 30 days The criteria we use for approval of suppliers include the supplier's ability to provide products or services meeting our specifications, the supplier's reliability with respect to the quality of its products or services, the supplier's agreement to conform to our specifications and to allow us to make periodic inspections to insure continued conformity with our specifications and the number of existing approved suppliers for the goods or services in question We can withdraw our approval of suppliers at any time

If we incur any expenses in connection with the review of any supplier or product, we have the right to charge the supplier of the product or service a reasonable fee to cover those costs If any supplier gives us an advertising allowance or similar payment, we will use those funds only for advertising and promotional purposes

We have no purchasing or distribution cooperatives We will attempt to negotiate with suppliers that are used by a number of our businesses so that we can get the best possible prices for their products although we cannot promise that we can accomplish that result

We do not provide additional benefits to franchisees that purchase particular products or services or patronize particular suppliers

We can designate the minimum types and amounts of insurance you must carry As of the date of this disclosure document the Franchise Agreement requires the following insurance coverage

Commercial General Liability for bodily injury and property damage including owned and non-owned auto liability	$1,000,000 per person with a $2,000,000 aggregate

Personal Property "All Risk" comprehensive protection on replacement cost basis	Replacement value
Workers' Compensation (if you have employees)	As required by law

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a Site selection and acquisition/lease	Section 5	Items 8, 11 and 12
b Pre-opening purchases/leases	Sections 6 and 8	Items 7, 8 and 11
c Site development and other pre-opening requirements	Sections 5, 6, 7 and 8	Items 7 and 11
d Initial and ongoing training	Section 7	Item 11
e Opening	Sections 5 and 8	Item 11
f Fees	Sections 3, 7, 8, 9, 13 and 16	Items 5 and 6
g Compliance with standards and policies/ Operations Manual	Sections 6, 7, 8 and 9	Items 11 and 17
h Trademarks and proprietary information	Sections 8, 9 and 10	Items 13 and 14
i Restrictions on products/services offered	Section 8	Items 8 and 16
j Warranty and customer service requirements	Section 8	Not applicable
k Territorial development and sales quotas	Section 5	Items 12 and 17
l Ongoing product/service purchases	Sections 6, 7 and 8	Items 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
m Maintenance, appearance and remodeling requirements	Sections 6 and 8	Not applicable
n Insurance	Section 11	Item 8
o Advertising	Section 9	Items 6, 7 and 11
p Indemnification	Section 12	Not applicable
q Owner's participation/ management/staffing	Sections 7 and 8	Item 15
r Records and reports	Sections 3 and 8	Not applicable
s Inspections and audits	Sections 8	Item 6
t Transfer	Section 13	Items 6 and 17
u Renewal	Section 4	Items 6 and 17
v Post-termination obligations	Sections 14 and 15	Item 17
w Non-competition covenants	Section 15	Item 17
x Dispute resolution	Section 16	Item 17

ITEM 10 FINANCING

We do not offer you any direct or indirect financing We do not guarantee any of your notes, leases or other obligations

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

Except as listed below, Pono Home, Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

1) You can only locate your business in your territory, as described in Item 12 below We must approve where your business will be located before you can begin doing business there Unless we specify otherwise, you can operate your business from a home office as long as you are able to do so in a professional manner

2) If you want to locate your business outside of your home, we will consult with you on the general criteria for your business location We do not find a site for you but if you are planning to host meetings or open this location to the public, we must approve your proposed location before you can lease or otherwise acquire its use Our review of your proposed site normally will not take over 7 business days After our review, we will notify you of our approval or disapproval of the site If we do not approve the site we will advise you of the steps you can take, if any, to make the site acceptable to us Among the criteria we use in determining whether to approve your site are the physical characteristics of the location, office building, the commercial complex, shopping center or other facility in which it is located, the demographics of the area, its proximity of other *EcoUpgraders* or *Pono Home* businesses and the territories granted to them and its proximity to competitors (Franchise Agreement Sections 5 2 to 5 11)

3) We provide training in our system for you and one other person (Franchise Agreement Section 7 1)

4) We provide you with our manuals and other materials to use in connection with your training and the operation of your business (Franchise Agreement Section 8 3)

We provide all of the foregoing services for your first business We can reduce the services we provide for your second and subsequent businesses since at that time you will have experience in opening an *EcoUpgraders* or *Pono Home* business

Time to Open

It typically takes between 1 to 2 months after you sign your Franchise Agreement to begin your business, depending on the time it takes to secure any needed lease, obtain any needed financing, make tenant improvements, equip, decorate and complete the construction of your business, complete training, hire and train staff, if any, and other factors Your business must be in operation within 3 months from the date of your Franchise Agreement If it is not, we can terminate your Franchise Agreement unless, in our reasonable judgment, you are using due diligence to locate and begin your business and the delay is beyond your reasonable control, for example as a result of unusual construction problems or if there are delays caused by fire, flood, earthquake or similar events If that is the case, we will extend the 3-month period for a reasonable time Delays caused by your inability to perform your financial obligations are not considered to be beyond your control for this purpose If we terminate your Franchise Agreement for that reason, we can retain the amounts you have paid us to date as consideration for our efforts up until then (Franchise Agreement Sections 5 2 to 5 11)

Obligations During Operation

1) We allow you continuing use of our manuals and the information on our Intranet and our other nonpublic sites which contain various operations and marketing/public relations information as well as various templates, policies, programs and the like (Franchise Agreement Sections 8 1)

2) We provide you with ongoing assistance and advice (Franchise Agreement Section 8 10)

3) We provide you with one or more email addresses and a sub-domain address for your business on our web site (Franchise Agreement Section 9 6)

4) We consult with you on marketing and public relations matters including your use of the Internet and social media (Franchise Agreement Section 9 2)

5) We can provide additional training, meetings and conferences in our discretion (Franchise Agreement Sections7 4 through 7 7)

6) We can send a representative to your business to consult with you on the operation and performance of your business at such times and with such frequency as we determine (Franchise Agreement Section 8 10)

Advertising Program

As of the date of this Franchise Disclosure Document, we do not have a national, regional or local advertising or public relations fund to which you must contribute or an advertising cooperative to which you must belong However, we have the right to start one or more of these programs If we do, you agree to contribute to those programs in an amount that we require that will not exceed 3% of your gross receipts Our company-owned businesses will contribute to that fund in a like amount The fund will not be used to solicit the sale of franchises The money paid in to the program will be segregated from our other funds and be used only for the purposes of the advertising program or programs to which you contribute The financial statements of these programs need not be audited but we will account to you annually for the receipts and expenditures of any advertising funds to which you contribute Unless the governing documents of the advertising program requires otherwise, we will not be obligated to spend the money from the advertising funds in any particular area or within any particular time period Money not spent during one year will carry over to the next year Unless we form a cooperative advertising fund, we have no obligation to do advertising or public relations for your business or our System (Franchise Agreement Sections 3 3 and 9 4)

All other franchisees and all retail *EcoUpgraders* and *Pono Home* businesses that we operate will contribute to the fund in a like manner and amount as you (Franchise Agreement Section 9 4)

In order to make the public aware of your business and what you offer, we suggest, but do not require that you spend at least $4,000 00 per year marketing your business We will provide you with marketing material templates of many kinds, such as for door-hangers, postcards, bulletin board flyers, and the like If you choose to use other materials, all of your advertising, promotion and public relations activities, including participation in charitable events and donations made to charities, must be consistent with our image and must reflect favorably on the *EcoUpgraders* and *Pono Home* name, system and network For the protection of our trademarks and service marks, you agree to discontinue any advertising or activity to which we object We have the right to require you to submit your proposed advertising, marketing and public relations activities to us for approval prior to its use (Franchise Agreement Sections 9 1 and 9 2)

You must follow all of our policies and procedures concerning your use of the Internet, other electronic media and any other means or media whether or not it is specified in the Franchise Agreement and whether the media now exists or may be developed in the future, in connection with your advertising, promotions, marketing or other activities Without our prior written consent, you may not use any of the assets we license to you, our names or marks or any names or marks confusingly similar to them in connection with any use you make of the Internet or other media (Franchise Agreement Section 9 6)

Computer System

You must use the computer hardware and software that we specify or otherwise approve, including obtaining, and keeping up to date, virus protection software You must also have a smart phone on which you will access and use our online forms for you services We estimate that the initial cost of the minimum computer hardware and software needed for the operation of your business can be up to $1,500 00, depending on what items you already have

We have the right to access the information on your systems to the extent it pertains to the operation of your business Therefore, your system must allow data communication between your business workstations and our central computer Our systems are currently cloud-based and, therefore, we have access to that information without additional efforts on your part If you have any systems aside from our cloud-based system, you must allow us access to the information on those systems (Franchise Agreement Section 3 5)

We reserve the right to update and modify our systems and software requirements You must comply with these new requirements when we so direct We will give you a reasonable time to amortize the cost of your current system and software before we require you to acquire a new computer system or software There are no contractual limitations on the frequency and cost involved in the upgrading, updating or modifying of your hardware or software (Franchise Agreement Section 6 4) We do not require that you carry maintenance or insurance contracts on your hardware or upgrade contracts on you software although we suggest you do so

Manuals

You can review our various manuals at our offices, or through a virtual portal we provide, prior to signing your Franchise Agreement You must sign the Nondisclosure and Confidentiality Agreement attached as Exhibit D to this disclosure document before you will be allowed to review our manuals

Training

TRAINING PROGRAM

Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location** (See Below)
Basic Sustainability	25	0	Online
Business, Sales and Marketing	20	0	Online
Technician Field Training	0	40	Our Home Office, at Your Location or As We Otherwise Specify
Training in Use of Products	20	0	Online
Totals	65	40	

The times in this chart are estimates only If you have business training or experience in sustainability, the number of hours of training may be less We normally conduct our training classes as needed You will use our manuals and various other instructional materials in your training Our training course and related information is discussed in Section 7 of the Franchise Agreement

The person who operates each business must complete our training to our reasonable satisfaction before you open for business You and, if you so elect, one additional person must attend our training at the same time unless we agree otherwise

Training will be conducted by our Chief Executive Officer, Scott Cooney and/or Sara Cobble, our Chief Operations Officer, whose experience is discussed in Item 2 above, or by a designated *EcoUpgraders* or *Pono Home* franchisee with experience in operating the business

We do not charge for the initial training of your business's first 2 trainees but you are responsible for your and their travel and related expenses as well as the salaries, benefits and expenses of the trainees you have attend our training course An additional charge is made for additional training, including if that is necessary because one of your original trainees do not complete our training course or fail to complete it to our reasonable satisfaction If you do not complete our training course to our reasonable satisfaction we can terminate the Franchise Agreement

We may provide refresher courses, conventions, seminars, programs or meetings for our franchisees and/or for their employees Much of our additional training will be given online We will not require attendance at meetings but you, and those of your employees that we specify, may be required to take our additional training courses and complete them in a manner satisfactory to us (Franchise Agreement Sections 7 6 and 7 7)

ITEM 12 TERRITORY

You may choose your territory from contiguous zip codes in your area We will advise and make recommendations to increase your potential based on the territory you choose, and the territory fee associated with your territory will be based on the number of people in the territory you choose from US Census data Your Franchise Agreement will specify the location approved for and the territory granted in connection with your business The territory will consist of a zip code or codes that contains up to 100,000 people The territory is the area within which we will not normally own or franchise another *EcoUpgraders* or *Pono Home* business However, after your first three months of operation, if you fail to generate gross receipts during any 12-month period in the minimum amount of $20,000 00, adjusted by any increase in the Consumer Price Index, we can begin a company-owned business and/or grant one or more additional *EcoUpgraders* or *Pono Home* franchises in your territory

The grant of a territory does not permit you to open any additional *EcoUpgraders* or *Pono Home* businesses or to relocate your business in that territory You do not have any options, rights of first refusal or similar rights to open additional franchises or other facilities in your territory

We do not operate or plan to operate a similar business in your territory under a different trade name However, we may do so if there are similar businesses or other facilities owned, operated, and/or franchised by any person or entity with whom or which we merge, by whom or which we are acquired or which we acquire or otherwise become affiliated after the effective date of your Franchise Agreement However, none of the businesses opened or operated by that person or entity will operate under the *EcoUpgraders* or *Pono Home* name within your territory

You are allowed to provide services and sell products bearing *EcoUpgraders* or *Pono Home* name and marks only at retail and only to customers located in your territory We and any future affiliates, and those we or they may authorize, have the exclusive right to sell *EcoUpgraders* and *Pono Home* merchandise at wholesale, including to retail outlets not affiliated with our network, by means of catalogs, by electronic means, including over the Internet, and by other methods of distribution, even of those sales are made to outlets or customers located in your territory You are not entitled to any compensation if we or our affiliates or those we or they authorize make such sales within your territory

We have the right to establish, solicit and manage a national or regional accounts program that may serve customers within your territory, such as a national or regional property management company with properties in your territory You will be allowed to participate in that program in the manner provided in our manuals and other directives but should you choose not to do so, we reserve the right to provide similar services to these national or regional account

If you have a business location in a public area, you may relocate your business only with our written approval even if the new location is in your territory

We cannot modify your territory during the term of your Franchise Agreement without your consent

ITEM 13 TRADEMARKS

In the Franchise Agreement we grant you the right to use the *EcoUpgraders* or, in Hawaii, the *Pono Home* name On April 17, 2014, we filed a service mark application for registration of the *Pono Home* name on the Principal Register of the United States Patent and Trademark Office That registration was approved on June 23, 2015, and bears Registration Number 4758519 We have filed all necessary affidavits to maintain that mark

On February 21, 2017, we filed an Intent to Use application for registration of the *EcoUpgraders* name on the Principal Register of the United States Patent and Trademark Office It bears Serial Number 87344422 We do not yet have a federal registration for that mark Therefore, the mark does not have many legal benefits and rights as a federally registered trademark If our right to use the mark is challenged, you may have to change to an alternative mark, which may increase your expenses In the event we require you to modify or discontinue the use of the *EcoUpgraders* mark, we will reimburse you for your reasonable out of pocket costs in connection with that compliance, but only to the extent that such costs are for the replacement of tangible items bearing the concerned mark and provided that your compliance is in accordance with our directives, such as in the liquidation of existing supplies of distinctively marked materials, the disposition of signs, the replacement of advertising and promotion material and so forth

To the best of our knowledge there are no currently effective material determinations of the United States Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of any state or any court involving our service marks or any pending infringement, opposition, cancellation or pending material litigation involving the marks

There are no agreements currently in effect that significantly limit our rights to use or license the use of the names, marks or symbols we use in any manner material to your franchise

Even though we license you to use the *EcoUpgraders* or *Pono Home* name, you are not allowed to use those names, or any similar names, in the name of the partnership, limited liability company, corporation or other business entity that owns your business or in the name of any other business or entity in which you have an interest

We may license you periodically to use other names, marks or symbols in connection with the operation and promotion of your business You must use those names, marks or symbols at your expense You cannot use any names, marks or symbols to identify or promote your business other than those we specify

If for any reason we decide to change our principal names, marks or symbols, you agree to use our new names, marks or symbols and to discontinue using the names, marks or symbols we direct you to stop using If we require you to stop using any of the names, marks or symbols we license to you, we will reimburse you for your reasonable out of pocket costs in replacing items that bear the affected names, marks or symbols as long as you comply with our directives concerning their use and disposition

If your use of any of the names, marks or symbols we license to you is ever challenged, or if you discover a possible infringing use by a third party, you must notify us of that challenge or infringement immediately It is up to us what action to take, if any, concerning the challenge or infringing use as well as concerning any legal or administrative action concerning the names, marks or symbols that are used in connection with the franchised business We will pay all fees and costs in any action resulting from a challenge by third parties to the use of our names, marks or symbols We also will pay any damages for which you are held liable in any infringement or unfair competition action by a third party as long as you have used the licensed names, marks and symbols as required by your Franchise Agreement and have notified us promptly of the claim You agree in the Franchise Agreement to cooperate with us in handling any proceedings involving the licensed names, marks or symbols

You agree in the Franchise Agreement not to apply for registration of any of the licensed names, marks or symbols or to contest their ownership You also agree not to assist anyone else in doing so

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or copyright registrations that are material to the franchise

We have an unregistered copyright on our manuals The contents of our manuals and our other confidential information are our proprietary property You are not permitted to use or share our confidential information except as permitted in your Franchise Agreement

Your employees must sign confidentiality and noncompetition agreements in the form we require in order to protect our proprietary and confidential information

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

We have found that a business has the best chance of success when people with a material stake in its operation control and supervise its daily conduct While we do not require that you be the principal operator of your business, we recommend that you do so

Your employees, and anyone else we authorize you to show our confidential information, must sign a noncompetition and nondisclosure agreement in which they promise not to disclose or misuse any of our confidential or proprietary information

All owners of the franchise must sign a guaranty of the obligations of any entity that owns the franchise As such, they will be bound individually by the financial, nondisclosure and noncompetition covenants in the Franchise Agreement

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer only the products and services that we require from your business You are prohibited from offering or selling any products or services we do not authorize If you wish to offer a product or service that we do not authorize, you must let us know the exact specifications of that product or service, in writing, and receive written consent, before engaging in the sale of that product or service We are under no obligation to provide such consent See Item 8 above for more details

You cannot use your business premises for any purpose other than the operation of your business We can add to, delete or otherwise modify the products and services we require you to provide from your business

Except as discussed in Item 12 above, you are not limited in the clients to whom you may sell your services

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a Length of the franchise term	4 1	The initial term of the Franchise Agreement is 5 years
b Renewal or extension of the term	4 2	The franchise is renewable for 2 additional periods of 5 years each
c Requirements for franchisee to renew or extend	4 2 – 4 5	You must be in good standing under your Franchise Agreement, you must not have received 3 or more notices of default that concern material violations of the Franchise Agreement during any 3 year period and must have substantially complied with all agreements with us and with our affiliates during the term then in effect including having paid all amounts due as required by the Franchise Agreement or other agreement, you must give us written notice that you want to renew at least 6 months but not more than 12 months before your term ends, you must sign our then-current form of Franchise Agreement which may have terms materially different from those in your prior Franchise Agreement, we both will sign a mutual release of all claims except as noted in the release, you must pay our renewal fee
d Termination by franchisee	14 5	If we violate a material term of the Franchise Agreement and fail to cure the violation within 20 days after notice, plus such additional time as reasonably may be needed, you may pursue your rights as allowed by applicable law
e Termination by franchisor without cause	None	Not Applicable

Provision	Section in Franchise Agreement	Summary
f Termination by franchisor with cause	14 1 – 14 4	We can terminate your Franchise Agreement only for cause
g "Cause" defined - curable defaults	14 1 – 14 4	You have limited time periods to cure various types of defaults You have 10 days after notice to pay fees or other sums that are overdue, you have 5 days to recover possession of any assets seized, levied upon or foreclosed, you have 30 days to satisfy any judgment against you or file an appeal bond Except for defaults that allow us to terminate your Franchise Agreement immediately and those listed above, you will be given 20 days after notice to cure any other defaults under your Franchise Agreement If, in our opinion, 20 days are insufficient to cure the default, we will give you additional time to cure the default as long as you begin the cure within the initial 20 day period If you do not complete the correction of any default within the required time period, we can terminate your Franchise Agreement
h "Cause" defined - non-curable defaults	14 1	Defaults that cause immediate termination include failure to complete our training course as required, bankruptcy or insolvency, material misrepresentation in the acquisition of the franchise, engaging in conduct that reflects in a materially negative manner on our business, network or system, failure to comply with material federal, state or local laws, committing 2 or more defaults in any 12 month period, conviction of a felony or another crime that relates to, or adversely reflects on, your business or our business, system or network, intentional underreporting of receipts, operation of your business in a way that results in danger to public health or safety, any attempt to make an unapproved transfer, if you are unable or unwilling to comply with the Franchise Agreement, failure to transfer the interest of a deceased or legally incompetent person within the time allowed
i Franchisee's obligations on termination/non-renewal	14 6 – 14 9	When your Franchise Agreement ends you must pay all amounts due to us and our affiliates, stop using our proprietary property, modify your business location so that it does not look like an *EcoUpgraders* or *Pono Home* facility, return all manuals, software and other materials, cancel fictitious business name, notify all suppliers and concerned others that you are no longer an *EcoUpgraders* or *Pono Home* franchisee, assign us your telephone number and listing and any Internet or similar address, not identify yourself as having been associated with *EcoUpgraders* or *Pono Home*, not compete with us as described below If you breach your agreement we have all other remedies available to us at law and in equity When your obligations have been satisfied we both will sign a mutual release of all claims except those noted in the release

Provision	Section in Franchise Agreement	Summary
j Assignment of contract by franchisor	13 13	We can transfer the Franchise Agreement without your prior approval Any such transfer will not materially interfere with your benefits under the Franchise Agreement
k "Transfer" by franchisee - definition	13 1	Any full or partial transfer of the franchise or any ownership interest in any entity owning the franchise
l Franchisor approval of transfer by franchisee	13 3	Other than for your transfer to an entity you own, we must approve any transfer whether voluntary or involuntary
m Conditions for franchisor approval of a transfer	13 4 – 13 10	The proposed transferee must meet our then-current standards, all information on the transferee and the terms of the transfer must be provided to us for approval, upon the transfer of 50% or more of the ownership of the franchise, an updated Franchise Agreement must be signed, your transferee must complete our training course to our satisfaction, you must pay our transfer fee, we both will sign a mutual release of all claims except as noted in the release
n Franchisor's right of first refusal to acquire franchisee's business	None	Not Applicable
o Franchisor's option to purchase franchisee's business	None	Not Applicable
p Death or disability of franchisee	13 15	Your interest in the franchise and in any entity that owns the franchise is transferable by will or intestate succession upon your death or by your court-appointed guardian if you are declared to be legally incompetent Your estate can sell your interest in the franchise to an approved transferee within 6 months after your executor or administrator is appointed All other transfer conditions apply
q Non-competition covenants during the term of the franchise	15 2(a)	You can have no interest in, be employed by or assist any competing business during the term of your Franchise Agreement
r Non-competition covenants after the franchise is terminated or expires	15 2(b)	Once your Franchise Agreement is terminated or expires, you cannot engage in or own a competing business for 2 years after your Franchise Agreement ends within your assigned territory

Provision	Section in Franchise Agreement	Summary
s Modification of the agreement	17 1 – 17 3	The Franchise Agreement can be modified only by a written agreement signed by both of us We can modify our manuals and all other aspects of our system and you must comply with these changes
t Integration/merger clauses	31 1 – 31 6	Only the terms of the Franchise Agreement and other related written agreements are binding, subject to applicable state law No other representations or promises will be binding Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim the representations made in this Franchise Disclosure Document
u Dispute resolution by arbitration or mediation	16 1 – 16 4	Except for certain types of claims, all disputes between us must first be mediated and, if not settled, referred to arbitration
v Choice of forum	16 5	Unless prevented by applicable law, all dispute resolution must take place in the city where our main business office is located, currently Honolulu Hawaii
w Choice of law	24 1	Except as required to the contrary by applicable law, the laws of Hawaii govern all agreements between us

Also see the State-Specific Addendum to this Franchise Disclosure Document and the Franchise Agreement for additional terms that may apply in your state.

ITEM 18 PUBLIC FIGURES

No public figure is involved in the promotion of our franchise or in the management of our company

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future ıncome, you should report ıt to the franchısor's management by contactıng Scott Cooney, 1000 Bıshop Street, Suıte 505, Honolulu, Hawaıı 96813, (844)-467-6661, ınfo@ponohome com, the Federal Trade Commıssıon, and the appropnate state regulatory agencıes

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwıde Outlet Summary
For years 2014 2015 and 2016

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchısed	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Totals		0	0	0
Company-Owned	2014	0	1	+1
	2015	1	1	0
	2016	1	1	0
Totals		0	1	+1
Total Outlets	2014	0	1	+1
	2015	1	1	0
	2016	1	1	0

Table No. 2

Transfers of Outlets from Franchısees to New Owners (other than the Franchısor)
For years 2014, 2015 and 2016

Column 1 State	Column 2 Year	Column 3 Number of Transactıons
	2014	0
	2015	0
	2016	0
Totals	2014	0
	2015	0
	2016	0

Table No. 3

Status of Franchised Outlets
For years 2014, 2015 and 2016

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations/ Other Reasons	Column 9 Outlets at End of Year
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Totals	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0

Table 4

Status of Company-Owned Outlets
For years 2014, 2015 and 2016

Column 1 State	Column 2 Year	Column 3 Outlets at Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Hawaii	2014	0	1	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Totals	2014	0	1	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1

Table No. 5

Projected Openings As Of December 31, 2016

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	0	3	0
Hawaii	0	2	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Oregon	0	1	0
TOTALS	0	7	0

There are no franchisees who have not communicated with us in the last 10 weeks

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

There are no franchisees that left the system during our last fiscal year

During the last three fiscal years no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as franchisees in our system

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit B are our audited financial statements as of December 31, 2016 the end of our last fiscal year along with comparative data for 2015 and 2014

ITEM 22 CONTRACTS

Attached as Exhibit C is our *Franchise Agreement* and its exhibits Exhibit D to this disclosure document is our *Nondisclosure and Confidentiality Agreement* Exhibit E is the *Acknowledgment at Closing* that you must review and sign at the time you sign the Franchise Agreement The exhibits to our Franchise Agreement include our *Mutual General Release* and *Continuing Guaranty*

ITEM 23 RECEIPT

The last pages of this disclosure document consist of a detachable document acknowledging receipt of this disclosure document that you must sign and return to us You should retain a copy of this receipt for your records

STATE-SPECIFIC ADDENDUM TO
***ECOUPGRADERS/ PONO HOME* FRANCHISE DISCLOSURE DOCUMENT**

<u>The followıng provısıons are applıcable to franchıses ın the state of California:</u>

1 *Calıfornıa Busıness and Professıons Code* Sectıons 20000 through 20043 provıde nghts to a franchısee concernıng termınatıon or nonrenewal of a franchıse If the Franchıse Agreement contaıns a provısıon that ıs ınconsıstent wıth the law, the law wıll control

2 The Franchıse Agreement provıdes for termınatıon upon bankruptcy Thıs provısıon may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq)

3 Neıther the franchısor nor any person ın Item 2 of the Franchıse Dısclosure Document ıs subject to any currently effectıve order of any natıonal securıtıes assocıatıon or exchange, as defined ın the Securıtıes Exchange Act of 1934, 15 U S C A 78a et seq , suspendıng or expellıng such persons from membershıp ın that assocıatıon or exchange

4 Sectıon 31125 of the *Calıfornıa Corporatıons Code* requıres us to gıve you a dısclosure document, ın a form contaınıng the ınformatıon that the Commıssıoner of Busıness Oversıght may by rule or order requıre, before a solıcıtatıon of a proposed materıal modıficatıon of an exıstıng franchıse

5 The franchıse agreement requıres bındıng arbıtratıon The arbıtratıon wıll occur at the locatıon of our prıncıpal office ın the Unıted States wıth the costs beıng borne by the losıng party Prospectıve franchısees are encouraged to consult prıvate legal counsel to determıne the applıcabılıty of Calıfornıa and federal laws (such as *Busıness and Professıons Code* Sectıon 20040 5, *Code of Cıvıl Procedure* Sectıon 1281, and the Federal Arbıtratıon Act) to any provısıons of a franchıse agreement restrıctıng venue to a forum outsıde the State of Calıfornıa

6 The Franchıse Agreement contaıns covenants not to compete that extend beyond the termınatıon of the franchıse These provısıons may not be enforceable under Calıfornıa law

7 OUR WEBSITES, <u>www ponohome com</u> and <u>EcoUpgraders com</u>, HAVE 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 <u>www dbo ca gov</u>

8 You must sıgn mutual general release ıf you renew or transfer your franchıse *Calıfornıa Corporatıons Code* Sectıon 31512 voıds a waıver of your nghts under the Franchıse Investment Law (*Calıfornıa Corporatıons Code* Sectıons 31000 through 31516) *Busıness and Professıons Code* Sectıon 20010 voıds a waıver of your nghts under the Franchıse Relatıons Act (*Busıness and Professıons Code* Sectıons 20000 through 20043)

9 Calıfornıa law requıres that you obtaın a contractor's lıcense from the Calıfornıa Contractors State Lıcense Board (CSLB) ıf the total cost, ıncludıng labor and materıals, on the project ıs $500 00 or more Lıcenses may be ıssued to ındıvıduals, partnershıps, corporatıons or joınt ventures The CSLB does not ıssue lıcense to Lımıted Lıabılıty Companıes (LLCs)

Our agent for servıce of process ın Calıfornıa ıs Calıfornıa Commıssıoner of Busıness Oversıght, 1515 K Street, Suıte 200, Sacramento, Calıfornıa 95814-4052

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT

IF PONO HOME, INC DOES NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D C 20580 AND TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT ANY OF ITS OFFICES

The following provisions are applicable to franchises in the state of Hawaii

Our registered agent for service of process in Hawaii is Securities Commissioner of the State of Hawaii, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, HI 96813

Replace the fourth paragraph of the RECEIPT with the following

IF PONO HOME, INC DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D C 20580 AND TO THE HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, 335 MERCHANT STREET, ROOM 203, HONOLULU, HAWAII 96813

STATE FRANCHISE LAW ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT A
to Franchise Disclosure Document

State Franchise Law Administrators

California
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104

320 West 4th Street, Suite 750
Los Angeles, CA 90013-1105

1515 K Street, Suite 200
Sacramento, CA 95814-4052

1350 Front Street, Room 2034
San Diego, CA 92101

Telephone 1-866-ASK-CORP

Hawaii:
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, HI 96813

Illinois:
Office of the Attorney General
500 South Second Street
Springfield, IL 62706

Indiana:
Indiana Securities Division
Secretary of State
302 West Washington Street, Room E-111
Indianapolis, IN 46204

Maryland:
Office of the Attorney General
Division of Securities
200 Saint Paul Place, 20th Floor
Baltimore, MD 21202-2020

Michigan:
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Law Building
Lansing, MI 48913

Minnesota
Minnesota Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

New York:
New York State Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, NY 10271

North Dakota:
Office of Securities Commissioner
600 East Boulevard, 5th Floor
Bismarck, ND 58505

Rhode Island:
Division of Securities
1511 Pontiac Avenu20

South Dakota:
Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, SD 57501

Virginia:
State Corporation Commission
Division of Securities and
Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219

Washington:
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

Wisconsin:
State of Wisconsin
Office of the Commissioner of Securities
345 West Washington Avenue, 4th Floor
Madison, WI 53703

Agents for Service of Process

California:
Commissioner of Business Oversight
1515 K Street, Suite 200
Sacramento, California 95814

Hawaii:
Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois:
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana:
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

Maryland:
Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, Maryland 21202-2020

Minnesota:
Commissioner of Commerce
Department of Commerce Registration Division
85 Seventh Place East
St Paul, Minnesota 55101

New York:
New York Secretary of State
99 Washington Avenue
Albany, New York 11231

North Dakota:
Securities Commissioner
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept 414
Bismarck, North Dakota 58505-0510

Rhode Island:
Director of Business Regulation
Securities Division
John O Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910

South Dakota:
Director of the Division of Securities
Department of Labor and Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

Virginia:
Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219

Washington:
Administrator of Securities Department of
Financial Institutions Securities Division
150 Israel Road, SW
Tumwater, Washington 98501

Wisconsin:
Commissioner of Securities
345 W Washington Ave , 4th Floor
Madison, Wisconsin 53703

EcoUpgraders sm

Pono Home ®

FRANCHISE AGREEMENT

EXHIBIT C
to Franchise Disclosure Document

EcoUpgraders SM
Pono Home ®

Franchise Agreement

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Attachments

EcoUpgraders SM
Pono Home ®

FRANCHISE AGREEMENT

This Franchise Agreement is effective on ______________________________ and is entered into by Pono Home, Inc , a Delaware corporation, whose address is 1000 Bishop Street, Suite 505, Honolulu, Hawaii 96813, referred to in this Agreement by words such as "we", "us" and "our" and ____, a(n) _________________________, whose address is ____________________________________, referred to in this Agreement by words such as "you" and "your" and who together are jointly referred to as "the parties"

Basis of Relationship

EcoUpgraders and *Pono Home* technicians provide assessments of a customer's house, apartment other living unit or business premises in an effort to make the site healthier by advising the customer about the unhealthy foods and personal care ingredients in the home they may be concerned about, providing information on healthier and more efficient food storage, reading food labels effectively, reducing potential exposure to bacteria using fewer chemicals, avoiding dangerous chemicals in the home, improving indoor air quality, reducing the energy used by appliances, energy- and water-saving tricks and habits for the whole family, reducing gasoline bills with fuel saving strategies as well as selling energy- and water-efficiency hardware installations to the customer In addition, our technicians can examine a customer's cupboards, identifying likely genetically modified organisms ("GMOs") in the customer's foods Collectively these activities and others that may be developed in the future, as well as the method of operating an *EcoUpgraders* and *Pono Home* business, are referred to in this Agreement as "our System" We have invested time, effort and resources in the development and improvement of our System and its procedures, specifications, techniques, systems and information

By entering into this Agreement you recognize the benefits to be derived from being licensed to use our System and its proprietary information You desire to become associated with us and our other franchisees, collectively referred to in this Agreement as the "our Network"

Some Definitions

A If more than one person signs this Agreement the words "you", "your" and similar words refer to all of those people as well as to all of the owners of any entity that is a party to this Agreement

B In this Agreement when we refer to "Proprietary Assets" we mean to all of the trademarks, trade names, service marks, logotypes, other commercial symbols, processes, procedures, formats, software, equipment specifications, trade secrets, trade practices, copyrights, patents, supplier lists, client lists, manuals, online portals, forms, advertising and promotion material and practices, merchandising techniques, communications, training material, goodwill and all other tangible and intangible property that we license you to use now and in the future in connection with your business

C In this Agreement when we refer to "our manual or our manuals" that reference includes all of the manuals and materials that contain proprietary information we provide to you as part of our franchise relationship in whatever formats they are provided, including electronically

D As used in this Agreement "days" means calendar days unless the term "business days" is specified The term "business days" means all days except Saturday, Sunday and legal holidays in the state or country where your business is located

E "Territory" means the area in which you are authorized to establish your business, as further discussed in Section 5 below

F Words such as "your business" and "the business" refer to the business franchised by this agreement

In consideration for the mutual promises in this Agreement, as well as for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, we mutually agree as follows

1. Incorporation of Recitals, Your Warranties, and Designation of Brand

This section incorporates the statements set forth above so that they are part of the Agreement

1 1 The statements above are true and are incorporated into this Agreement by reference

1 2 You warrant to us that you have fully and truthfully set forth all of the information we have requested in your application, financial disclosure forms and all other communications between us You also warrant that everyone who will have an ownership interest in your business and/or in the entity that will own this franchise have been disclosed to us in writing, have provided all information we have requested, and, if we require, have signed or guaranteed this Agreement

1 3 If you do not want to make these assurances, we cannot award you this franchise

1 4 You agree that if your business will be located in Hawaii it will be operated under the *Pono Home* name and marks If it is located elsewhere, it will be operated under the *EcoUpgraders* name and marks

2. Your Representations and Grant of Franchise

This section contains the basic grant of your franchise rights and some related terms

2 1 Based on the above representations and warranties, we hereby award you a nonexclusive license to use the Proprietary Assets and our System for the term set forth in this Agreement, but only as long as you comply with all of the terms and conditions of this Agreement

2 2 The franchise we award you is only for the operation of a business that will be located at the address appearing on Attachment 1 to this Agreement

2 3 The award of this franchise does not give you the right to use the Proprietary Assets or any of them, at any other location, for any other purpose or in any other manner except as otherwise permitted by this Agreement The award of this franchise does not carry with it any right to additional locations or activities nor any options, rights of first refusal or similar preferential rights to further locations or activities no matter where located

2 4 You agree to use the Proprietary Assets only as specified in this Agreement

2 5 You agree not to use the name "*EcoUpgraders*", "*Pono Home*" or any name similar to it, in the name of any corporation, limited liability company or other entity in which you own an interest whether it currently exists, is formed to own and operate your business or otherwise You also agree not to use the name "*EcoUpgraders*", "*Pono Home*" or any similar name, in connection with any activity in which you engage except your business

2 6 You acknowledge that we have advised you to obtain the advice of competent legal counsel when reviewing this Agreement and any other contracts you propose to enter so that you will understand fully your rights and obligations under this Agreement and such other contracts

3. Initial and Ongoing Fees

This section describes the initial and ongoing fees you pay in connection with the grant of this franchise

3 1 *Initial Fees*

(a) Franchise Fee You agree to pay us a Franchise Fee of $8,950 00 upon the signing of this Agreement The Franchise Fee is not refundable

(b) Territory Fee In addition to the initial Franchise Fee you agree to pay us a Territory Fee based on ten cents per resident in the zip code or zip codes which make up your Territory, payable upon the signing of this Agreement We will use the latest data from the United States Census Bureau in determining the population figures for your Territory The minimum Territory Fee will be $4,000 00 and the maximum Territory Fee will be

$10,000 00 Once you receive access to our training materials, the Territory Fee becomes nonrefundable If this Agreement is terminated prior to your receipt of that material, the Territory Fee will be refunded but the Franchise Fee remains nonrefundable

3 2 (a) Royalty In addition to the foregoing fees, you agree to pay us a continuing royalty fee each month which is the greater of 4½% of your gross receipts or, beginning 6 months after you begin business, $100 00 per month for the next 18 months and $200 00 per month thereafter, as that amount may be adjusted by any increase in the Consumer Price Index as described in Section 19 below If you begin your business before the tenth day of the month, that month will be considered your first full month of operation If you begin your business after the tenth day of the month, you will pay royalties on the partial month at the 4½% rate but the month thereafter will be considered the first of your first 6 months in business

(b) The royalty is payable by the 10th day of each month based on your gross receipts for sales and services for the prior month We will specify the method of payment which we can modify periodically in our discretion

3 3 At the time payment of the royalty is due, you agree to send us in the form and manner we specify a report of your monthly gross receipts and such other information as we may require from time to time You must certify to us that these reports are complete, true and correct no matter how or by whom they are prepared

3 4 You agree to maintain a bank account for your business separate from your other bank accounts and to place all of your receipts in, and pay all of your expenses from, that account You agree to authorize us to have "view only" access to that account If we agree that you can maintain more than one such account, you agree to authorize us also to have "view only" access to the additional accounts

3 5 You agree that you will take all steps necessary to allow us online remote access to your computer and other systems to the extent they contains information about your business, including access to your transaction records, records of your completed and pending service calls, your sales and your other financial records You agree that we will have access to, and can use, all of the information transmitted to our cloud-based system

3 6 (a) As of the date of this Agreement, we have no cooperative advertising program However, we retain the right to begin such a program If and when we begin a local, regional and/or national advertising program you agree to contribute to the program or programs monthly the amount we specify but not more than a total of 3% of your gross receipts per month We can modify the amount you will be required to contribute to the advertising program or programs periodically However, in no event will the amount that you are required to contribute to the programs exceed 3% of your gross receipts

without your prior written consent We refer to these programs in this Agreement as “the Advertising Fund” even though there may be more than one fund, account or program

(b) We can start the Advertising Fund on a local and/or regional basis until such time as we reasonably determine that there are a sufficient number of *EcoUpgraders* and/or *Pono Home* businesses in a state or throughout the country to justify more widespread advertising, promotion and/or public relations activities

(c) The payments to the Advertising Fund are to be made at the same time and in the same manner as payment of the royalty fee

(e) If and when we establish an advertising program or programs to which you contribute, we agree to maintain the funds received by that program or those programs apart from our other accounts We will account to you annually for the receipts and expenditures of the program or programs to which you contribute

(f) More information on the Advertising Fund appears in Section 9 below

3 7 (a) The term "gross receipts" as used in this Agreement means the proceeds from all of your sales and services whether in cash or on credit and from whatever sources received Except as provided below, credit transactions are considered made when the transaction giving rise to the extension of credit occurs Your sales and service transactions result in "gross receipts" in the full amount of the client transactions without any allowance for bad debts, uncollectible accounts and the like However, "gross receipts" shall not include any of the following

(i) Merchandise returned to its source for credit or other allowance,

(ii) Any transaction fees taken out of credit card charges by a credit provider before delivering those revenues to you but not including things such as set up fees, late fees, account maintenance fees and the like,

(iii) Amounts or credits received for claims for loss or damage to merchandise or other of your business assets

(iv) The selling price of any merchandise or services to the extent you grant a credit, discount, refund or similar allowance as a result of a return by or settlement with a client within 30 days of the concerned transaction An exchange of merchandise or services shall not be deducted from "gross receipts" except to the extent of any accompanying credit, discount, refund or other allowance

(v) Sales and/or use taxes, value added taxes or other similar taxes determined and/or imposed by a government entity on the sale of merchandise or services but only to the extent that such taxes are added to the selling price of the merchandise or services and are separately stated to and collected from customers

(vi) Sales of trade fixtures, equipment or similar property not constituting resale merchandise of your business

(b) All exemptions allowed by this provision shall be separately stated and shown on your reports of gross receipts

3 8 There are other fees, such as a transfer fee if you transfer your franchise, a renewal fee and a fee for attending our conventions, meetings, refresher courses and for other services, as further discussed below

4. Term of the Franchise and Renewal Options

This section describes the term of this Agreement, your option to renew and the circumstances under which we can refuse to renew your franchise

4 1 The initial term of this franchise is 5 years from the date of this Agreement

4 2 This franchise is renewable for 2 additional 5 year periods, each to be effective after the expiration of the term then in effect under the following conditions and those that follow this section

(a) You must give us notice in writing of that you wish to renew the franchise not less than 6 months or more than 12 months prior to the scheduled expiration date of the term of this Agreement then in effect,

(b) You must not be in default under any of the provisions of this Agreement or any other agreement between us or between you and any of our affiliates at the time of your notice and at the time of renewal,

(c) You must not have been given 3 or more notices of default during the last 3 years of the term then in effect even if the defaults have been cured,

(d) You must have substantially complied with the terms and conditions of all agreements with us and with our affiliates during the term then in effect A determination of your compliance is within our sole and absolute discretion but that discretion will be exercised by us in good faith,

(e) All of your monetary obligations to us and our affiliates must have been paid when due or within the applicable cure period, throughout the term then in effect and all obligations to us and our affiliates must have been satisfied prior to the renewal term,

(f) You must pay a renewal fee equal to $1,999 00 as adjusted by any increase in the Consumer Price Index as described in Section 19 below Any revisions to the renewal fee will be as set forth in the new Franchise Agreement you sign upon renewal

4 3 (a) In order to renew this franchise you must sign the Franchise Agreement we are using for new franchisees at the time of renewal, which agreement may contain terms materially different from those in this Agreement If we are not offering new franchises at the time of your renewal, we can specify the form of Franchise Agreement that will be required for the renewal term

(b) The form of Franchise Agreement that will be used for your renewal term will be given to you at least 90 days before the renewal term is to begin so that you can review it You agree to sign your new Franchise Agreement at least 60 days before your current franchise term expires If you do not, you will be deemed to have withdrawn your request to renew the franchise If that should happen your franchise will expire at the end of its current term

(c) When your new Franchise Agreement is signed, it will supersede the terms of this Agreement as of the renewal date except as to the term of the agreement and the payment of an initial franchise fee There will be no new initial franchise fee upon renewal and the term of the renewal period will be as specified in Section 4 2 above We will perform no new initial services for you in connection with the renewal term nor will we supply you with any initial inventory or other items specified in the new Franchise Agreement except as we so elect

4 4 In connection with the renewal of your franchise you must sign a mutual general release of all claims, except for obligations noted in the release, so that we do not start the renewal term with unresolved issues between us Our current release form appears as Attachment 2 to this Agreement

4 5 You can elect to renew the franchise for the next renewal period only during the period then in effect

5. Business Location and Territory

This section describes the location of your business, maintaining a professional atmosphere and your Territory

5 1 Before this Agreement is signed, your Territory will be defined on Attachment 1 to this Agreement The Territory will constitute the zip code or codes to which we both agree and will be based on the latest U S Census data providing those statistics Your Territory will not normally contain over 100,000 people

5 2 (a) You can only locate your business within your Territory Unless we specify otherwise, you can operate your business from a home office as long as you are able to do so in a professional manner Your home office must be quiet and be away from the sounds and distractions of your household and neighbors

(b) If you wish to open an office, store, showroom or other physical facility in your Territory, you must first obtain our written permission to do so and must provide to us such information as we may request on the location, appearance, products to be shown and any other information we may request prior to our granting you that permission

(c) Without our prior written consent, no business, other than the business franchised by this Agreement, can be located in your business premises and you cannot operate your facility inside the business premises of someone else

(d) Once we approve your location, you may not use the licensed assets at any other location or for any other purpose We have no obligation to allow you to open any additional facilities whether you propose to open them in your Territory or elsewhere, except as otherwise provided in this Agreement

(e) Your approved business location will be indicated on Attachment 1 to this Agreement If you want to move to a new location, if it is in a public area, such in an office building, business or industrial park or storefront, we must approve that location prior to your beginning business at that location

5 3 By granting you a Territory, we agree not to locate a company-owned or franchised *EcoUpgraders* or *Pono Home* business within that area during the term of this Agreement However, if you fail to generate gross receipts during any 12-month period in the minimum amount of $20,000 00, adjusted by any increase in the Consumer Price Index as described in Section 19 below, we can begin a company-owned business and/or grant one or more additional franchises in your Territory

5 4 You may provide products and services only to customers in your Territory You may not provide *EcoUpgraders* or *Pono Home* goods or services, or have an *EcoUpgraders* or *Pono Home* business location of any type, outside of your Territory unless it is governed by another Franchise Agreement with us

5 5 If we maintain a central telephone, Internet or other referral number or site, we will refer all customers within your Territory who inquire about our services and products to you, except when you are in default under this Agreement or under the circumstances described in Section 5 3 in which case we can refer such business to another *EcoUpgraders* or *Pono Home* business that we have authorized to operate in your Territory

5 6 By granting you a Territory we are not precluded from owning or being the franchisor of, competing units owned, operated and/or franchised by any

person or entity with whom or which we merge, by whom or which we are acquired or which we acquire or otherwise become affiliated after the date of this Agreement However, no such affiliate will own, operate or franchise facilities primarily identified by the *EcoUpgraders* or *Pono Home* names or marks licensed to you within your Territory unless the principal activity of their business is materially different from the activities you are authorized to perform under this Agreement

5 7 (a) Your business must be in operation within 3 months from the date of this Agreement If you are not open within the required time period, we can terminate this Agreement unless, in our reasonable judgment, you are using due diligence to construct and open your business and the delay is beyond your reasonable control, for example as a result of a serious illness of you or a family member or unusual construction problems or if there are delays caused by fire, flood, earthquake or similar events If that is the case, we will extend the 3-month period for a reasonable time Delays caused by your inability to perform your financial obligations are not considered to be beyond your control for this purpose

(b) In the event this Agreement is terminated because you are not open for business within the required time period, we will have all of the rights and you will have all of the duties following termination described in Section 14 of this Agreement The refundability of your Franchise Fee and Territory Fee under these circumstances are described in Section 3 1 above

6. Equipping Your Business

This section discusses the type of computer system, software and other office equipment you need for your business

6 1 Unless we agree otherwise, you agree to obtain and maintain a unique telephone number for your business This number must be used only for your business We may agree that you can use your private telephone number as long as your voice mail is professional and you have Caller ID, or some other method to determine whether a call may be from a customer

6 2 Regardless of where your office is located, you agree to maintain your office and its equipment, decor and furnishings in a high condition of safety, cleanliness, repair and appearance and to replace promptly anything that is not capable of being maintained in that condition

6 3 Prior to the start of your initial training, you must have acquired, installed and be able to operate the basic functions of the computer software, hardware, peripherals, printer and the communications equipment that we specify or otherwise approve You must also have high-speed Internet access

6 4 If we specify software that you must use in connection with your business, you agree to make sure it is properly installed on your computer system To

maintain compatibility with our Network and to sustain the functionality of your systems, you agree to maintain, upgrade or otherwise change your computer software, hardware, peripherals, printer and communications equipment according to the specifications we periodically provide You also agree not to unilaterally upgrade or change any software or systems that could cause incompatibility with our software or communications

7. Training

This section describes the initial and ongoing training that we provide

7 1 (a) Unless you have already been trained, after you sign this Agreement and pay your Franchise Fee and Territory Fee, but before you begin your business, we will provide training for you in the operation of the business for approximately one week at our home office or at another location that we designate We will train the owner of your franchise and one other person as long as they will be involved in the day to day operation of the business You and any other trainee must attend our training course at the same time unless we otherwise agree

(b) If this franchise is owned by a partnership, corporation, limited liability company or other entity, at least one of the trainees must be a general partner, principal shareholder, member or owner, as appropriate, unless we otherwise agree Your business must be under the overall supervision of a person who has successfully completed our training course

(c) For our mutual convenience, we may provide some or all of our training course electronically, such as over the Internet, on disk, by video conference or by some other method To the extent we require you and your other employees to complete some or all of this training prior to attending our on-site training course, you agree to comply with our requirements in this regard

(d) We will administer various tests during the course of your training You must pass these tests, usually in order proceed to the next phase of training If you do not pass a test, you will be given the opportunity to retake it However, if you fail a test 3 times, we can terminate this Agreement The tests we use have been reviewed by numerous internal and external partners and are deemed to be a fair representation of the information you will need to know to successfully run your business, and deemed to be passable if materials are studied adequately Our only goal is to make sure you have and can apply he information you need to operate your business

(e) We expect you to have reasonable competence in the operation of your computer system and software and be aware of the general requirements of operating a business Therefore, our training may not cover everything you need to know about your computer system and general business activities You may need to purchase additional training or educational resources from third parties to adequately operate your computer system and business

7 2 If this franchise is owned by a sole proprietor and you do not satisfactorily complete our training course, we can terminate this Agreement If this franchise is owned by an entity, such as a partnership, limited liability company or corporation and the person initially sent to training does not complete our training course in a satisfactory manner, the entity can send another owner of the entity to training, although we can charge our additional training fee in that event If that person does not complete our training course in a satisfactory manner, we can then terminate this Agreement If any other person you bring to our training course does not complete the course in a manner we find reasonably satisfactory, you agree not to employ that person in your business

7 3 All who attend our training must sign our nondisclosure agreement This agreement will contain provisions designed to maintain the confidentiality of our training material and the other proprietary information we provide A copy of the agreement we currently use for this purpose can be found as Exhibit D to the Franchise Disclosure Document that accompanied this Agreement

7 4 If you are required under Section 7 2 above, or if you desire, to send one or more additional people to attend our training course, we have the option to charge an additional training fee which is currently $500 00 per trainee adjusted by any increase in the Consumer Price Index as described in Section 19 below We may change this fee at any time as long as we do so for the entire *EcoUpgraders* Network

7 5 (a) Other than to the extent we train your employees, the training of your employees is your responsibility You agree to provide adequate initial and on-going training for your employees so that they perform their duties in a competent manner and in compliance with the requirements of this Agreement, our manuals and our other directives We can specify the training that must be provided to your employees, including any online training we indicate We can require that they pass online tests as part of their training

(b) If at any time we reasonably determine that any of your personnel are not able to perform their tasks adequately, you agree to promptly retrain those people If we still find them to be unable to perform their tasks, we have the right to require any or all of those employees to attend our training course or the portion of that course that we designate, at the times and places we specify If we do so, you agree to pay our additional training fee and the salaries, benefits and expenses of your employees in connection with the additional training and our out of pocket expenses if the training takes place at your business location

7 6 During the term of this Agreement, we may offer additional training for your benefit and for the benefit of your employees You and such of your employees as we designate, must satisfactorily complete any mandatory training at the times and manner we require

7 7 (a) We can offer refresher courses, seminars, conventions, meetings and similar programs for you and/or for your employees In addition to system-wide meetings, we may sponsor any regional training seminars or other meetings in the region in which your business is located

(b) If you or your employees attend any of our meetings, you agree to pay your own travel, meals, lodging and other travel-related expenses and those of your employees

(c) We can conduct these meetings wholly or partially by means of webcast or by means of similar media If we do so, you agree to view the programs we specify and have your employees view the programs we specify that they should watch

8. Operations, Obligations and Assistance

This section discusses our manuals, the operation of your business and the ongoing assistance we provide, among other things

8 1 *Compliance with our System*

(a) You agree to follow all systems, procedures, techniques, practices and other facets of our System that we periodically specify

(b) You agree to cooperate, and to have your employees cooperate, with us and with our representatives in all matters related to your business and your compliance with this Agreement

8 2 *The EcoUpgraders Toolbox and Resale Inventory*

(a) One of the critical elements of your business is your "Tool Box" which contains the basic items you need to perform your services You will learn how to use these items in our training course You are required to have or acquire the tools and other Tool Box items we specify We will provide you with a list of materials to buy Should you already own some of the items in the Tool Box, you may request a waiver of the requirement to purchase those items and, upon written approval from us, may use your own items rather than purchasing new ones You agree to enhance and maintain your Tool Box with the types and quantity of the items we periodically specify

(b) In addition to the items in your Tool Box, you agree to maintain the items we periodically specify in your resale inventory in the amounts we require

(c) You agree to maintain a dedicated, secure, lockable space sufficient to house your resale inventory You agree to store your resale inventory there You agree not to use that space to store non-complying items without our prior written consent

8 3 *Protection of Trade Secrets*

(a) The manuals, material, software and information that we provide to you contain our trade secrets and other proprietary material (referred to as "our confidential information") You agree not to disclose our confidential information to persons we do not authorize to receive it You also agree to use your best efforts to prevent unauthorized disclosure of our confidential information by your employees, agents and others over whom you have control

(b) You agree to take reasonable steps to safeguard any material that we designate as being part of our confidential information You agree not to copy or otherwise duplicate our confidential information except as we may direct or approve in writing

(c) All those in your employ who have access to our confidential information must sign a confidentiality and nondisclosure agreement in the form we specify before you grant them access to our confidential information

(d) You agree to return to us all copies of material containing our confidential information including that which contains our trade secrets, as well as returning to us our proprietary software, manuals and other material you obtain from or through us promptly upon the expiration or termination of this Agreement and at the other times we may request

(e) After the termination or expiration of this Agreement, you agree not to use or disclose our confidential information for any purpose unless we agree to that disclosure in writing

8 4 *Ongoing System Development*

(a) We have the right to make additions, deletions, modifications and/or other changes to our manuals, products, services, materials, software, confidential information, processes, systems, techniques, sources, supplies and all other aspects of our System and to specify additional, different or other requirements for you to use and follow

(b) You agree to comply with the modifications of our System at the times and in the manner we specify

8 5 *What You Can Provide*

(a) We will specify the services you are allowed to provide and the merchandise you are allowed to carry as part of your business You agree not to provide any services or carry or sell any merchandise other than as we specify or otherwise approve in advance in writing

(b) You may provide your services and merchandise only in the manner we specify or approve If given, these approvals can be altered or withdrawn at any time

(c) We can change, add to or reduce the programs and merchandise you may provide as part of your business

(d) You agree not to sell gift certificates, gift cards and the like unless we so agree If we specify that you must, or agree that you may, sell such items, you agree to follow our directives and requirements concerning the sale and redemption of those items If we issue gift certificates, gift cards or the like, you agree to honor them in accordance with our procedures for submitting those items to us for reimbursement

8 6 *Limitation on Sales*

(a) We, our affiliates and other persons and entities we or they authorize, have the right to sell merchandise, including merchandise bearing the *EcoUpgraders* and *Pono Home* names and marks or any names or marks similar or related to the name *EcoUpgraders or Pono Home*, to independent retail outlets, at wholesale, through outlet stores, by means of catalogs, by electronic means, including over the Internet, and by mail order, even if those sales are made to customers inside your Territory You acknowledge that even if these sales are made in your Territory, no payment is due to you from us, our affiliates or any other person or entity on account of those sales

(b) You are authorized to sell merchandise and provide services only to retail customers You cannot sell any merchandise at wholesale or in job lots, to independent retail outlets, at wholesale, through outlet stores, by means of catalogs, by electronic means, including over the Internet and by mail order even if those sales are made to patrons located in your Territory

8 7 *Pricing*

(a) Unless we require certain prices to be charged for specified goods or services, the prices you charge to your customers are up to you If we consult with you regarding prices or if we suggest prices to you from time to time you are under no obligation to follow any such recommendations or suggestions unless we specify otherwise in writing

(b) If we do direct that the charge for any goods or services you provide to customers shall be sold at a minimum or maximum price, you agree to follow our requirements in that regard

8 8 *Your Employees*

(a) You agree to inform us of the identity, experience, background and training of all of the people involved in any way in your business

(b) You agree to make sure that your personnel exercise the standards of appearance, cleanliness, demeanor and customer service that are specified in our manuals and other directives In any event, you agree to supervise your employees so that they will conduct themselves in a way that will enhance the operation and image of your business and our Network

(c) You agree to advise us of any limitations on the authority of your supervisory personnel In the absence of that advice, we can rely on the obligations and commitments undertaken by your supervisory personnel on your behalf and those commitments will be binding on you

(d) None of your employees are to be considered our employees and none of our employees are to be considered your employees.

(e) You agree to comply with all employment-related laws, regulations and practices and to indemnify and defend us against any claims that you have not done so, including claims alleging that we are responsible in any way for your employment practices or employment law violations because of our franchisor-franchisee relationship, the requirements of the Franchise Agreement, manuals or directions, the assistance we provide to you or our supervisory activities

(f) You agree to have criminal background checks conducted on all employees who will enter the homes or businesses of customers and further agree, to the extent allowed by law, not to employ any persons whose background includes matters that may make them a risk to you or your customers

8 9 *Purchases of Goods and Services*

(a) Unless we specify otherwise, you may purchase the products you install from us but are not required to do so Our charges for the items we sell will be listed on our online price sheet You will also pay for our handling and shipping these items to you We can use the delivery service we select You agree to maintain an account with that service You agree that we can have the shipping service charge your account directly upon verification of purchase We can specify other requirements and costs, if any, in our manual, price sheet or otherwise and can revise our terms periodically upon notice to you

(b) You agree to maintain the minimum quantity and type of inventory that we specify for your business and to pay for items that you purchase at the times and in the manner required by us and your other suppliers

(c) You may purchase items bearing our names and marks only from us, our affiliates or from suppliers we have approved We can limit such suppliers as to the items they can provide to our franchisees

(d) We agree to review and approve or disapprove, in our sole discretion, any products, services and/or suppliers you suggest in accordance with the procedures we are using at the time for reviewing products, services and suppliers We agree to conduct our review and to let you know whether we approve of the products, services and suppliers within a reasonable time after we receive all of the information and material we need to make a decision If we incur any expenses in connection with the review of any supplier or products, we have the right to charge the supplier of the product or service a reasonable fee to cover those costs

8 10 *Ongoing Assistance and Advice*

(a) If you request our assistance and advice in connection with the general day-to-day operation of your business, we will respond to you within a reasonable time during our normal business hours

(b) So that we can follow the progress of your business and improve the operations of our System, you agree to provide us with the reports that we require at the times, in the manner and in the form that we specify

(c) We can send one or more representatives to visit your business at the times we determine in our discretion We need not inform you in advance of these visits Upon prior notice, you agree to be present during the visits of our representatives You agree to use your best efforts also to have available during our visits the other people we request You agree to make available to our representatives during their visits, and at such other times as we may reasonably request, the reports, invoices, sales receipts, accounts, books, records, contracts, receipts, bank statements, letters and the other information we may require You agree that you and your employees will cooperate fully with our representatives during their visits

(d) You agree that our representatives will have full access to your office, storage location or locations, computer system and your other business machines, to the information contained in them and to the reports produced by them, to the extent that information pertains to your business You agree that our representatives can make and take copies of your records and can photograph and make other accounts of your premises and your operations

(e) If we notify you at any time of defects, deficiencies or unsatisfactory conditions in the operation of your business, you agree to make any necessary corrections promptly and in the manner we specify

(f) If you request a special visit by one of our representatives and we agree to the visit, we can condition the visit on such prerequisites as we may determine, such as the prepayment or the reimbursement of the travel and other expenses of our representative and/or a set payment for each day of our representative's visit

8 11 *Advisory Councils*

We may establish one or more advisory councils made up of *EcoUpgraders* and/or *Pono Home* business owners to consult with us on matters of mutual interest If we establish such a council, we have the right to determine its rules If you elect to participate in the activities of such a council, you agree to follow the rules of the council

8 12 *Quality Control and Compliance*

(a) You agree that we can take reasonable action in order to insure that your customers are satisfied with your services and products and that you are operating your business as required by this Agreement In this regard, you agree that we can contact your present and former customers and employees in order to conduct surveys, deal with complaints and for any other reason In addition, you agree that we can employ "secret shoppers", or their equivalent, to observe and report on the services and goods provided by your business

(b) For support, compliance and other purposes we may require that you give us remote access to your computer systems and/or files to the extent they pertain to your business regardless of where these systems or files may be located In the event that such access requires the permission of another party, you agree to authorize and otherwise facilitate such access promptly

(c) At our request, you agree to provide us with copies of your sales tax reports and your income tax returns to the extent they pertain to your business

8 13 *National Accounts*

(a) "National Accounts" are customers or prospective customers of our Network who have businesses, apartments or other facilities at multiple locations including some that may be within your Territory

(b) If we establish a National Accounts program, the terms and scope of the program, prices to be charged and/or discounts to be provided to customers participating in that program will be set by us You will be given the opportunity to participate in any National Accounts program in your territory If you do so, you agree to adhere to the terms, scope, pricing and discount terms we specify for the National Accounts program If you are allowed by law not to participate in such a program or adhere to the prices or discounts we specify and elect not to so participate or to adhere to the pricing, discount and other terms of the program, we can indicate to National Accounts customers that you are not a participant in the program or do not have to abide by the prices and discounts we have agreed with the National Accounts customer to provide If you do not participate in such a program for any reason, we may, at our discretion, perform these services in your territory either directly or through a third party

8 14 *Compliance with Law*

(a) You agree to obtain and maintain at your expense all licenses and permits required for the operation of your business and the activities you undertake pursuant to this Agreement

(b) You agree to operate your business in compliance with all laws, statutes, ordinances, rules, regulations, orders by government officials and the like, including those that are related to employment, labor, health, safety, the environment and hazardous or toxic materials whether those laws, statutes, ordinances, rules, regulations, orders and the like now exist or are enacted or issued at a later time You agree to be responsible for the consequences of any noncompliance both during the term of this Agreement, any extensions or renewals of this franchise and thereafter

(c) You agree to comply immediately with the orders and directives of government officials in the conduct of their official duties pertaining to the operation and conduct of your business You agree to notify us immediately of any significant governmental orders or directives you receive, the reasons for them and the corrective action you have taken or plan to take related to them

8 15 *Ownership of Developments Related to our System*

(a) If you or anyone employed by or affiliated with your business develops any inventions, discoveries, concepts, procedures, systems, practices, techniques, products, writings, designs, services, systems or the like related to our System (collectively referred to as "ideas"), you agree to advise us promptly in writing of the ideas in the manner we specify from time to time

(b) You agree not to implement any ideas until we authorize you to do so in writing It is within our complete and absolute discretion whether to authorize the use and/or dissemination of the ideas, and, if we do so, the manner of their use

(c) Except as otherwise limited by law, the ideas that you, your employees, affiliated persons or your agents develop in connection with our System are our property You agree that we are not obligated to pay you or any person or entity employed by or affiliated with you on account of any ideas developed by you or by that person or entity whether or not we use, disseminate, authorize or otherwise employ the ideas However, it is our desire to encourage innovation, so we intend to reward great ideas in a manner of our choosing, with the intent to encourage continued innovation across our entire system

8 16 *Managing Agent*

(a) If a partnership, corporation, limited liability company or other entity owns this franchise, you agree to designate one person to be the principal agent of the entity This is the person who will deal with us in connection with your franchise, your business and your compliance with this Agreement This person is referred to in this Agreement as your "managing agent" You warrant that your managing agent will have the authority to speak for and bind your entity in all matters pertaining to this Agreement and your business You further warrant that we can rely on that authority until we are notified in writing of a change in your managing agent

(b) If your managing agent is removed or resigns, you agree to replace your managing agent immediately and to notify us of the identity and contact information of your new managing agent

(c) If we so require, your managing agent and any person by whom your managing agent is replaced must attend such training at the time, for the duration and at the location we specify and must complete that training to our reasonable satisfaction as a condition of him or her being your managing agent

(d) Your managing agent cannot be a person who was an *EcoUpgraders* or *Pono Home* franchisee or who was the manager of an *EcoUpgraders* or *Pono Home* business that had its Franchise Agreement terminated because of a default nor can your managing agent be any other person to whom we have a reasonable basis to object

9. Advertising and Promotion

This section discusses the marketing of your business, the prerequisites to any marketing you do in connection with your business, the Advertising Fund and your use of the Internet and other alternative media

9 1 (a) For the good of our Network, all of your advertising, promotion and public relations activities, including participation in charitable events and donations made to charities, must be consistent with our image and must reflect favorably on the *EcoUpgraders* and *Pono Home* names For the protection of our trademarks and service marks, you agree to discontinue any advertising or activity to which we object We have complete and absolute discretion in deciding whether to require you to stop using any such material, activity, program or plan even if we have previously approved it

(b) In our discretion we can require that you to submit to us, prior to use copies of all advertising, promotion and public relations plans, material and programs you want to use or in which you want to participate, as well as any causes to which you want to contribute or in whose activities you want to otherwise participate, and describe to us by what media your advertising will be published, the amount you plan to spend for each advertisement, the nature of each promotional, or public relations event, item and program, the charities to which you propose to donate or in whose activities you wish to participate using your business name and all other relevant information, including any other information we request If we require, you agree not to use any such item, participate in any program, make any donations, undertake any participation without our prior written consent and to follow our other requirements in this regard We can withdraw any consents or approvals we have given at any time and you agree to following our directions in this regard

9 2 (a) As discussed in Section 3 3 above, we have the right to begin various cooperative advertising programs, referred to in this Agreement as "the Advertising Fund" If and when we commence the Advertising Fund, we will use the fund for the development, production, execution, direction, review, analysis and administration of advertising, promotional and public relations activities designed to benefit our Network on a local, regional and/or national basis We have complete and absolute discretion over how and when sums from the Advertising Fund are spent and what items are charged to it However, we agree to use the Advertising Fund only for the planning, production, execution and analysis of advertising, promotion and public relations materials and programs, including point of purchase materials, brochures, display materials, market research and analysis, the employment of advertising and promotion staff and agencies, the purchasing of media time and space, the planning, production and execution of promotion or public relations events, the review and analysis of those activities and for related purposes

(b) We are not obligated to spend the receipts of the Advertising Fund in any particular region, even if a disproportionate amount comes from a particular area, nor within any particular time period

(c) We can charge the Advertising Fund for the time, overhead and expenses of our employees to the extent that they work on advertising, promotion or public relations activities designed to enhance the image or sales of our businesses Alternatively, we can charge the Advertising Fund up to 10% of the amounts collected by the fund to cover our overhead and expenses as they relate to advertising, promotion and public relations matters related to our Network

(d) We have the right to terminate the Advertising Fund or to turn its functions over to an outside agency

(e) We agree that any retail *EcoUpgraders* or *Pono Home* businesses that we own and operate will contribute a like percentage of their proceeds to the Advertising Fund

9 3 We have the right to establish advertising councils to advise us on our local, regional and national advertising, promotion and/or public relations programs If we establish such a council or such councils, we have the right to determine their rules You agree to follow those rules and, if we so request, to participate in the activities of those councils in the manner and to the extent we specify

9 4 (a) In the manner described in our manual, we will provide you with one page on the appropriate website for the promotion of your business We have the right to specify or otherwise approve the design, appearance and content of your web page You agree not to initiate or authorize the appearance of your business on any website we do not expressly approve in advance

(b) We will provide you with one or more e-mail addresses You agree not to use any e-mail address not expressly approved by us in conjunction with your business You agree not to use any e-mail addresses, Internet domains, URLs or IP addresses provided by us or associated with our Network in conjunction with bulk e-mail or any other activity that could result in restriction of our e-mail or web traffic or blacklisting or negative publicity If any of your activities on the Internet or otherwise, causes the interruption of our ability to send or receive e-mail, Internet access or use or causes an adverse impact on the *EcoUpgraders* or *Pono Home* names, our Network or our System, you agree to reimburse us for all reasonable costs, including attorneys' fees, required for us to reinstate the interrupted activity or access or to clear and restore our name or names

(c) Without our permission you agree that you will not register, purchase or use any Internet domain names that could reasonably be confused with any element of our Proprietary Assets If you do so, at our request you will transfer the rights to any such domain names to us without cost

(d) Upon the expiration or termination of this Agreement, any sites, domain names and all other identifying names, marks, symbols, telephone listings and other means of identification that you have used in connection with your business will become our property and must be transferred to us in the manner we direct

9 5 You agree to use any intranet, extranet or the like that we maintain for the use of our franchisees only in the manner we specify You further agree not to inform any third person, other than those we authorize in writing, how to access or derive information from our nonpublic sites The manner of accessing and obtaining information from our nonpublic sites, as well as the information contained on those sites, are our trade secrets and are subject to the provisions regarding trade secrets and proprietary information set forth elsewhere in this Agreement

9 6 You agree to follow all of our policies and procedures concerning your use of the Internet, other electronic media and any other means or media not otherwise specified in this Agreement whether that media exists now or in the future These will policies and procedures will be set forth in our manuals and periodic directives

9 7 To protect our trademarks, reputation and goodwill, you agree to communicate with us, your suppliers, your customers and all others in a professional and courteous manner, including by means of the Internet, such as via the email address we assign to you or otherwise approve If, in our discretion, we determine you are doing otherwise, we can revoke your right to use that email address and, if serious enough in our reasonable judgment, we can terminate this Agreement

10. Use and Protection of our Names, Marks and Symbols

This section describes the nature of the trademark license we grant to you and the protection of our names and marks

10 1 (a) You are licensed to use only those trademarks, trade names, service marks, logotypes, symbols and designs ("the Marks") that we specify in writing from time to time even if they are less than all that we own or otherwise have the right to use

(b) You acknowledge that your use of the Marks is nonexclusive and that we and our affiliates can use, and can license others to use, the Marks in any manner or at any place except as may limited by this Agreement

(c) From time to time we may license you to use additional trademarks, trade names, service marks, logotypes, symbols, designs, patents, copyrights, and/or other commercial property pursuant to the terms of this Agreement That license or those licenses will pertain only to those items, and only to the extent, we specify in writing in connection with the grant of the concerned license or licenses

10 2 (a) In the event you become aware of any claim of infringement resulting from, or other challenge to, your use of any of the Marks or any of our other intellectual property, you agree immediately to notify us of the facts concerning the claim or challenge We have sole discretion as to what action to take, if any, regarding any claim or challenge You agree to join as a party to any such action or to allow the action to be brought solely in your name, but only when, as and if we require

(b) We will have sole control over every legal, administrative and other action of any type concerning the Marks and our other intellectual property In the event of any legal, administrative or other action concerning the enforcement or defense of our rights, we agree to bear the legal fees and court costs incurred in the handling of the matter

(c) We agree to pay all damages for which you are held liable in any proceeding involving your right to use the Marks and our intellectual property but only on the condition that you have used the Marks and our intellectual property in strict accordance with this Agreement, our manuals and our other directives, have promptly notified us of any challenge to your use of our Marks and intellectual property and fully cooperate with us in the handling of any such proceeding concerning the Marks

10 3 (a) We have sole discretion as to what legal, administrative or other action to take, if any, against any third person or entity who may be making unauthorized use of the Marks or our other intellectual property You agree to cooperate fully with us in our handling of any such proceeding

(b) If we elect to take action against a third party in any matter concerning the Marks or our other intellectual property, you agree to join as a party to the action or to allow the action to be brought solely in your name, but only when, as and if we require We will bear all legal costs in connection with any such action

10 4 (a) If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any of the Marks and/or any of our other intellectual property, you agree to comply with our directives in that regard at the time and in the manner we indicate

(b) In the event we require you to modify or discontinue the use of any of the Marks and/or any of our other intellectual property, our sole obligation will be to reimburse you for your reasonable out of pocket costs in connection with that compliance, but only to the extent that such costs are for the replacement of tangible items bearing the concerned names, marks and/or designs and provided that your compliance is in accordance with our directives, such as in the liquidation of existing supplies of distinctively marked materials, the disposition of signs, the replacement of advertising and promotion material and so forth We will not be obligated to reimburse you for the replacement of any items bearing our names or marks as long as you have been given a reasonable time to use up items that are consumed in the normal operation of your business or to amortize the cost of such items that are not capable of such use

(c) If we are required to use a name other than *EcoUpgraders* or *Pono Home* for your business because, in our judgment, another person or entity has prior rights to that name, we both will seek to find a name for you to use to which we mutually agree We each agree not to unreasonably withhold our consent to any name proposed by the other under these circumstances

10 5 We have the right to require you to use one or more additional trademarks, service marks, logotypes and/or other commercial symbols in connection with the operation of your business In that event, you agree to bear the cost of using such additional items in accordance with our directives

10 6 (a) You agree to make no application for registration or other protection of the Marks or any of our other intellectual property or any items similar to them, without our prior written consent and then only upon the terms and conditions we specify

(b) You agree to take no action that will interfere with our right in and to the Marks and our other intellectual property, their use by our affiliates and/or by those we or our affiliates authorize

(c) You agree not to contest the validity or ownership of any of the Marks and our other intellectual property or to assist anyone else in doing so

10 7 (a) If we so direct, you agree to give the notices, file the forms and take any other action we reasonably require in connection with your use of the Marks and our other intellectual property

(b) In connection with your use of our intellectual property, you agree to show all of the symbols and display all of the legends we specify indicating that any mark, name, logotype or symbol is a trademark or service mark, is copyrighted or is otherwise subject to protection under the law and is owned by us and/or by our affiliates

10 8 Since it is essential to the goodwill and operation of our Network that competing businesses are not aware of and/or do not use our trade secrets, including our marketing plans, supplier information, merchandising and promotional programs, financial data, operational practices and procedures and other proprietary information as it currently exists and as it is developed in the future, you agree that if you have more than one *EcoUpgraders* or *Pono*

Home franchise and you do not renew one of your franchises when the original or renewal term expires but are allowed by operation of law or otherwise to operate a business a principal activity of which is the providing of goods and/or services similar to those provided by *EcoUpgraders* or *Pono Home* businesses, we can terminate your remaining franchises without further obligation to you In the event we terminate any of your franchises for this reason, you agree promptly to comply with all of the post-termination obligations set forth in Section 14 of this Agreement

11. Insurance

This section describes the insurance you are required to maintain during the term of this Agreement

11 1 Before you begin your business, you agree to obtain, and while this Agreement is in effect maintain, commercial general liability insurance covering property damage and personal injury liability in the minimum amount of $1,000,000 for each person with a $2,000,000 general aggregate This coverage may be obtained with a combined single limit for bodily injury and property damage If you use an office outside of your home, your insurance must cover your office premises Since you and your employees will use a vehicle in connection with your business, you must also obtain and maintain automobile liability insurance covering all owned, hired and non-owned vehicles in a minimum amount of $1,000,000 combined single limit for each accident

11 2 Your insurance policies must comply with the following requirements

(a) Your insurance carrier must have and maintain a Best rating of at least "A-7" or its equivalent

(b) Your insurance policies must not contain a coinsurance clause

(c) The deductible portion of any claim or loss under any of your insurance policies cannot exceed $1,000 without our prior written consent

(d) Your insurance policies must be written as primary policies regardless of whatever other policies you carry or those carried by us or our affiliates

(e) Your liability insurance policies must be written on an "occurrence" and not on a "claims made" basis

11 3 You must carry workers' compensation and employer's liability insurance as required by law Employer's liability insurance shall be obtained in an amount of not less than $1,000,000 per accident for bodily injury by accident and $1,000,000 per employee for bodily injury for and by disease

11 4 We have the right to require that you carry different limits and/or different types of insurance coverage if we believe that it is necessary in our reasonable judgment You must comply with our requirements promptly upon receipt of written notice of those requirements

11 5 You acknowledge that the limits on your insurance policies do not limit your liability to us under your indemnification obligations under Section 12 below or your other obligations under this Agreement

11 6 (a) You agree at your expense to name us, those of our affiliates that we may specify and our and their officers, directors, shareholders, members and employees as additional insureds on each of your policies of liability insurance including your general liability, vehicle liability and any umbrella liability policies you carry as long as that can be done at no more than minimal cost to you We can designate other entities and/or persons to be named as additional insureds on your insurance policies from time to time and you agree to include those persons or entities on your policies at your expense as long as you can do so without significant cost

(b) You agree to have your insurance carriers provide each additional insured with a certificate of insurance evidencing the required coverage All of your insurance policies must specify that the insurance carrier will give 30 days prior written notice to each additional insured if the policy in which such persons or entities are named is to be canceled or not renewed

(c) You agree to provide us with copies of those of your insurance policies that we request

12. Relationship of the Parties and Indemnification

This section confirms that our relationship is that of franchisor and franchisee and describes our mutual indemnification obligations

12 1 (a) In all matters you are an independent contractor Nothing in this Agreement, in the relationship created by this Agreement or elsewhere constitutes either of us as agents of or partners or joint venturers with each other

(b) You are solely responsible for all taxes, liens, assessments, costs, expenses, debts, salaries, benefits, accounts, liabilities, charges, duties, compliance, intentional acts, negligence, errors, omissions, imposts, fees, damages and all other obligations of every kind involving the payment of money or performance of any other nature incurred in, resulting from or otherwise related to the operation of your business

(c) We each agree not to represent ourselves as other than franchisor and franchisee If for any reason you are legally determined to be our agent because of something you did or did not do, you agree to indemnify us against any lıabılıty, cost or expense, ıncludıng attorneys' fees, whıch we ıncur as a result of that findıng

(d) You agree to ınclude on all of your correspondence, ınvoıces, busıness cards, sıgns, emaıls, web pages and other ıtems the legend we specıfy ındıcatıng that your busıness ıs ındependently owned and operated The legend shall contaın such terms and be of such sıze and ın the locatıon we specıfy or otherwıse approve

12 2 Except for any lıabılıty or cost dırectly resultıng from your followıng our specıfic dırectıons, you agree to defend, ındemnıfy and hold us harmless from and agaınst any and all losses, lıabılıtıes, damages, costs and expenses, ıncludıng attorneys' fees, resultıng dırectly or ındırectly from, or ın any way pertaınıng to, the operatıons, sales, polıcıes, procedures, practıces, actıons, ınactıons, hırıng practıces, employment practıces, employer or employee conduct, personnel polıcıes, legal complıance and all other actıvıtıes of your busıness, ıncludıng your ıntentıonal acts and neglıgence and those of your agents, officers, dırectors, partners, shareholders, members, owners, employees or any others wıth whose conduct you are chargeable You also agree to ındemnıfy us agaınst all costs, taxes and expenses for whıch you are responsıble ın connectıon wıth the operatıon of your busıness and your other actıvıtıes However, we wıll be responsıble for, and wıll ındemnıfy you agaınst, any loss, cost or damage resultıng from your complıance wıth our polıcıes, procedures and dırectıves but only as long as you have complıed wıth our requırements at the tımes and ın the manner we requıre

12 3 (a) If you become aware of any claım or potentıal claım agaınst whıch we have ındemnıfied you, you agree to notıfy us promptly of the detaıls of the claım We agree to defend you agaınst the claım at our expense wıth counsel of our choosıng You agree to cooperate wıth us, our attorneys, our ınsurers and our and theır ınvestıgators ın connectıon wıth the ınvestıgatıon and defense of any such claım If we are defendıng you ın any actıon, we agree not to settle the matter untıl you approve the terms of the settlement We cannot commıt you to makıng any expendıture or takıng or wıthholdıng any actıon as a part of any settlement wıthout your prıor wrıtten consent

(b) If we become aware of a claım or potentıal claım agaınst whıch you have ındemnıfied us, we wıll notıfy you of the claım or potentıal claım You agree to defend us agaınst the claım at your expense wıth counsel of your choosıng However, ın the event that the claım ıs one that can affect more than one franchısee, we can take over the defense of the matter wıth counsel of our choosıng but you wıll stıll be responsıble for a pro rata portıon of the costs of the defense, ıncludıng attorneys' fees If you are defendıng us ın any actıon, you agree not to settle the matter untıl we approve the terms of the settlement You cannot commıt us to makıng any expendıture or takıng or wıthholdıng any actıon as a part of any settlement wıthout our prıor wrıtten consent

(c) We both agree not to unreasonably withhold or delay our consent to the settlement of any matter in which we have the right to approve the settlement as specified above

13. Transfer of the Franchise

This section describes the procedure to be used to transfer this franchise, our right of first refusal to purchase it, your ability to compete with us after the transfer and other matters

13 1 When we refer to a "transfer" we mean any transfer, assignment, sale, change of ownership or other disposition of this franchise whether it occurs voluntarily or involuntarily "Transfer" also means the transfer, issuance or reacquisition of any shares in or the merger, acquisition, consolidation, other restructuring or recapitalization of any corporation, limited liability company or other entity that owns this franchise as well as the addition or transfer of any interest in any entity that owns an interest in this franchise

13 2 (a) If you are an individual or partnership, you can transfer this franchise to a corporation, limited liability company or other business entity wholly-owned by those who owned the franchise before the transfer This type of transfer will not require our approval, the payment of the transfer fee or the signing of a new Franchise Agreement nor will it give us the right to exercise our right of first refusal However, you must notify us of the proposed transfer before it is completed so that we can send any documents we require to reflect the change of ownership

(b) In the event of a transfer of the type specified in subsection (a) above, those owning the entity to which this franchise is transferred must agree that

(i) They will own the entity in the same proportion that they currently own this franchise,

(ii) They are personally responsible for the entity's performance of the terms of this Agreement and any other agreements between us,

(iii) The share or ownership certificates of the entity will show that there are transfer restrictions under this Section 13, and

(iv) Before the completion of the transfer, you and the other owners of the new entity must sign the documents we require concerning the transfer such as a transfer agreement and a personal continuing guarantee of the obligations of the new entity

13 3 Other than as provided above, you can only transfer this franchise with our prior written consent whether the concerned transfer is voluntary or involuntary, such as by legal process or the foreclosure of a security interest Any transfer of which we do not approve in advance in writing is not binding on us and is grounds for the termination of this Agreement

13 4 (a) In determining whether the proposed transferee is acceptable, we will consider, among other things, our then-current standards for new *EcoUpgraders* franchisees, including such things as the transferee's net worth, creditworthiness, background, training, personality, reputation and business experience

(b) So that we can review the qualifications and financial condition your proposed transferee, you agree to provide us with all of the information we reasonably request about the proposed transferee Until all of the information we request is provided, we are not obligated to take any action on the transfer application

13 5 You may finalize the proposed transfer only when you receive our written approval of the prospective transferee After you receive our approval, you agree to follow the transfer procedures, sign the transfer documents and perform the other actions regarding the transfer that we specify

13 6 If any transfer transaction results in the cumulative transfer of 50% or more of the interest of the owner of this franchise or the ownership interests of the owners of any entity owning this franchise, as a condition of our approving the proposed transfer, we can require that the transferee sign the form of Franchise Agreement we are using for new franchises at the time of the transfer The new Franchise Agreement will be modified to reflect that the term will be that remaining under this Agreement and no new Franchise Fee or Territory Fee will be due However, the other fees and obligations will be as specified in the new Franchise Agreement

13 7 As a condition of our approving your transferee, unless your transferee is an existing franchisee and we waive this requirement, your transferee must complete our training course or so much of it as we require and complete it to our reasonable satisfaction If your transferee is required to complete our training course but does not do so to our reasonable satisfaction, you cannot complete the transfer or, if the transfer has already taken place, you must retake the franchise and the business from your transferee Your purchase and sale agreement with any proposed transferee should reflect this requirement

13 8 (a) As a condition of our approving any transfer that results in the cumulative transfer of 50% or more of the interest of the owner of this franchise or the ownership interests of the owners of any entity that owns this franchise, but in any event prior to your transferee being provided with our training materials, you or your transferee must pay us a transfer fee of $2,500 00, adjusted by any increase in the Consumer Price Index as described in Section 19 below, to compensate us for reviewing and approving the transferee, providing training and for our other activities in connection with the transfer

(b) Once your transferee begins our training course, or in any event once the transfer transaction is closed, the transfer fee is not refundable even if the transfer is not completed or is later rescinded

13 9 You must sign a mutual general release of all claims, except for obligations noted in the release, before you complete any transfer so it is important that we resolve any disagreements prior to the transfer

13 10 Since we will have provided valuable trade secrets to you as part of this franchise and in order to prevent the use of those trade secrets for purposes other than the operation of one of our franchised business, for a period 2 years following the date of the closing of your transfer transaction you agree not to operate, be employed by, serve as a consultant to, be an officer, director, franchisor or a franchisee of or otherwise take part in the operation of or have an ownership interest in a business a principal activity of which is providing services of the type provided by our Network in your Territory or within the Territory of any franchisee, company operation or business operated by any affiliate of ours except for the operation of any other *EcoUpgraders* or *Pono Home* franchise in good standing that you own This provision will survive the transfer of this Agreement or your interest in the concerned entity

13 11 We will not charge a transfer fee, require a new Franchise Agreement or exercise our right of first refusal if a transfer is only between the original owners of any entity that owns this franchise unless as a result of this and any prior transfers, control of the entity changes from the control that existed at the date of this Agreement

13 12 You agree not to use this franchise as security for a loan or otherwise encumber this franchise You do not have the right to grant a sub-franchise or to franchise, license or permit anyone else to use any of the Proprietary Assets You cannot make partial transfers of the rights granted to you under this Agreement

13 13 We can transfer our rights in this Agreement in whole or in part without your consent However, we agree that any such transfer will not interfere in a material manner with your receipt of the benefits granted to you by this Agreement

13 14 (a) When you have agreed to transfer all or any part of your interest in this franchise to a third party, you must notify us of the terms and conditions of the proposed transfer You must advise us what interest you wish to transfer, the purchase price or other consideration that you will receive, any credit or financing terms you are offering, the date the proposed transfer is to close and all other pertinent information In addition, you must send us a copy of any contract, agreement, memorandum of sale, deposit receipt, letter of intent or the like concerning the proposed transfer as soon as it is signed You must also inform us of any changes in the terms of the proposed transaction as soon as you agree to them

13 15 (a) The interest of an individual owner of this franchise or that of the owner of any interest in any entity with an interest in this franchise is transferable by will or by intestate succession Those interests are also transferable by court

order to a guardian if the owner is found to be legally incompetent However, if there is a transfer because of death or legal incompetence, that transfer is subject to all of the conditions and requirements concerning transfers described in this Section 13 As such, we must approve the potential transferee and, if the appropriate conditions apply, the transferee must satisfactorily complete our training course In addition, the transfer fee described above is payable in connection with the transfer, the transferee must sign the form of Franchise Agreement that we are using at the time of the transfer and our right of first refusal applies

(b) If we do not approve a potential transferee who proposes to take the interest proposed to be transferred as a beneficiary under a will, by intestate succession or because of legal incapacity, the decedent's or incompetent's estate can sell the concerned interest to a transferee acceptable to us within 6 months after the appointment of the executor, administrator, guardian or other personal representative If an approved transfer of this franchise is not completed within the 6-month period, we have the right to terminate this Agreement

(c) During the period following the death or legal incapacity of the owner of this franchise, the decedent's or incompetent's estate must continue to comply with the terms of this Agreement

13 16 If a court of competent jurisdiction orders a transfer of all, or any interest in, this Agreement, any entity with such an interest or in a material portion of the property used in your business to a spouse, domestic partner or their equivalent, that order will constitute a proposed transfer and will cause the transfer to be subject to all of the terms and conditions concerning transfers described in this Section 13 However, if we have trained the transferee and he or she has been active in the operation of your business, we will not require a new Franchise Agreement to be signed or require the payment of a transfer fee in connection with the transfer However, we can charge an additional training fee if we require the transferee to complete our training course to our satisfaction as a condition to approval of the transfer

14. Defaults, Ability to Cure, Termination and Remedies

This section describes the circumstances under which we can terminate this Agreement and the consequences of that termination

14 1 We can terminate this Agreement without giving you an opportunity to correct a default under any of the following circumstances

(a) If you or any entity with an interest in this franchise is declared bankrupt or judicially determined to be insolvent or if all or a substantial part of your business property or that of the concerned entity is assigned for the benefit of creditors or if you or the concerned entity admit an inability to pay debts as they become due,

(b) If you or any of the owners of any entity that owns an interest in this franchise has made a material misrepresentation relating to the acquisition of this franchise,

(c) If you or any of the owners of any entity that owns an interest in this franchise engages in conduct that reflects upon the operation and/or reputation of your business, our System or our Network in a materially adverse manner,

(d) If you fail to cure any violation of a material federal, state or local law or regulation applicable to the operation of your business within the time period allowed to cure the noncompliance,

(e) If during any 12-month period you receive 3 or more notices of valid defaults under material provisions of this Agreement even if the defaults have been cured within the time limits allowed in the notices,

(f) If a levy of execution has been made upon your interest in this Agreement, any interest in any entity that owns an interest in this franchise, any of the Proprietary Assets, your franchise rights or your business or any of them are seized, taken over or foreclosed by a government official in the exercise of his or her duties or are seized, taken over or foreclosed by a creditor, lienholder or anyone else and you or the entity is not restored to possession of that property within 5 days of the levy or seizure,

(g) If a final judgment against you or any entity with an interest in this franchise remains unsatisfied for 30 days unless an appropriate appeal bond has been filed,

(h) If you or any partner, officer, director, shareholder, member or owner of any entity that owns an interest in this franchise pleads guilty or nolo contendere to or is convicted of a felony of any type or any other criminal misconduct that is relevant to or that reflects adversely upon your business or our System or Network,

(i) If you fail to pay any initial, ongoing or other fees, charges or other amounts due to us or our affiliates when they are due but in any event within 10 days after receiving notice that the sums are overdue,

(j) If we make a reasonable determination that continued operation of your business will result in an imminent danger to public health or safety,

(k) Except as otherwise provided in this Agreement, if anyone who is required by the terms of this Agreement to complete our training course fails to complete that course at the time and in the manner required unless you are allowed to send a substitute who does complete that course in the required manner,

(l) If you intentionally underreport your gross receipts for any period in any amount or if you underreport your gross receipts in excess of 10% in any period whether or not the underreporting is intentional unless you can show that you were the innocent victim of a crime by the third party who caused you to underreport your receipts,

(m) Except as allowed by this Agreement, if you or any partner, shareholder, member or owner of any entity that owns an interest in this franchise attempts or purports to sell, transfer, assign or otherwise dispose of all or any part of their interest in this franchise, the concerned entity or any of the Proprietary Assets or if you or any such person attempts or purports to license, subfranchise, assign, authorize or otherwise permit any unauthorized person or entity to use or participate in any way in the rights, assets or property licensed to you under this Agreement or if you disclose any of our proprietary, confidential or trade secret information except as allowed by this Agreement,

(n) If at any time you advise us of your unwillingness or inability to go forward with any of your obligations under this Agreement or you are unable or unwilling, in our reasonable judgment, to do so, or

(o) If the transfer or sale of any rights upon death or a declaration of incompetence is not accomplished within the time periods and in the manner required by this Agreement

14 2 In addition to the grounds for immediate termination described in Section 14 1 above, we can terminate this Agreement immediately if you violate any other agreement between us or between you and any of our affiliates, including any other Franchise Agreement between us, and that violation is not cured within the time period allowed by the concerned agreement

14 3 (a) If you have committed a violation under this Agreement and that violation does not result in immediate termination, the correction the default must be accomplished to our reasonable satisfaction within 20 days after you are given written notice describing the violation and the corrective action that must be taken to cure the default, if any corrective action is possible If no corrective action is possible, we can terminate this Agreement without providing you with an opportunity to cure

(b) If a curable default is of such a nature that more than 20 days are reasonably required to cure the default, you will be given such additional time as may be necessary in our reasonable judgment to cure the default provided that the corrective action is started within the initial 20 day period following notice and is pursued diligently to completion

(c) If we elect not to enforce any of the applicable immediate termination provisions of Sections 14 1 or 14 2 or if any of those terms are not enforceable under applicable law, the provisions of this Section 14 3 will apply to the concerned event or events of default

14 4 If a default under this Agreement is not cured within any time period allowed for the correction of the default, the termination of this Agreement will occur upon notice to you pursuant to Section 18 below

14 5 If you maintain that we are in violation of any material term of this Agreement, you agree to give us written notice of the claimed default We will have 20 days after receipt of that notice within which to correct any actual condition of default However, if the default is of such a nature that more than 20 days are reasonably required to cure the default, we will have such additional time as may be necessary in our reasonable judgment to cure the default provided that the corrective action is started within the initial 20 day period following notice and is pursued diligently to completion If we do not cure the claimed default within the required time period, you can pursue all rights allowed to you under applicable law

14 6 (a) When this Agreement ends for any reason, including its termination for default or its expiration at the end of its term, you agree that you will without delay

(i) Bring all accounts with us and our affiliates current,

(ii) Stop using the Proprietary Assets, including our trade names, trademarks, service marks, logotypes, commercial symbols, designs, copyrighted material, confidential information, trade secrets, proprietary material and other intellectual property and the email addresses we have provided for you, our web site and other domain names and addresses associated with our Network and our System,

(iii) If you have a business location available to the public, change the physical attributes of the location to the extent necessary to distinguish its appearance from that of an *EcoUpgraders* business You must discontinue any activity that would tend to identify your business in the mind of the public as continuing to be affiliated with our Network

(iv) Return to us our manuals, software and all other material, and all copies of that material, that you obtained from or through us

(v) At our election, assign us your telephone listing and telephone number, your business Internet addresses, domain names and listing and all similar listings in the manner we specify, and

(vi) Cancel any fictitious business name and equivalent registrations or listings indicating that you are affiliated with our Network,

(b) When this Agreement ends, you also agree to notify all of your suppliers, customers, utilities, landlords, creditors and concerned others that you are no longer affiliated with our Network,

(c) After the termination or expiration of this Agreement, you agree not to identify any present or future business, yourself or any entity that owned an interest in this franchise, as having been associated with our System or our Network except as may be required for nonpublic purposes, such as in employment or financing applications or as otherwise required by law

14 7 If you default under this Agreement you agree to pay us immediately all fees and other amounts due to us under this Agreement as of the date of termination in addition to all other damages caused to us by virtue of your default

14 8 After you have satisfied all of your payment and performance requirements following the termination or expiration of this Agreement, we both agree to sign a mutual release that will relieve us both from further liability to each other, except for those items noted in the release and your continuing obligations that apply following the termination or expiration of this Agreement, such as your promise not to use or reveal our trade secrets and your agreement not to compete with *EcoUpgraders* or *Pono Home* businesses for the period and in the area described in Section 15 below

14 9 In addition to the remedies set forth above, in the event of your breach of this Agreement we will have all other remedies available to us at law or in equity

14 10 Upon the termination, non-renewal or expiration of this Agreement for any reason, no payment is due to you on account of any goodwill, going business value, equity or other intangible asset or assets claimed as arising from your operation or ownership of your business or otherwise Any claimed increase in the value of the goodwill associated with the trademarks, service marks, logotypes, symbols and any other intellectual property we have licensed to you claimed to have occurred because of the operation of your business belongs to us and you hereby assign any such increase to us without cost

14 11 All of the provisions of this Agreement that apply by their terms or by implication following the end of this Agreement will survive the termination or expiration of this Agreement

15. Covenants Not to Compete

This section discusses limitations on your ability to compete with us during the term of this Agreement as well as after it ends

15 1 In this section "you" also means those with any interest in this franchise or in any entity with an interest in this franchise

15 2 Sınce you wıll have obtaıned valuable ınformatıon concernıng the operatıon of our System and our Network, you agree that

(a) Except as otherwıse permıtted by thıs Agreement, durıng the term of thıs Agreement and any extensıons or renewals of thıs franchıse you wıll not have an ownershıp ınterest ın, operate, be employed by, serve as a consultant to, be an officer, dırector, franchısor or a franchısee of or otherwıse take part ın the operatıon of a busıness a prıncıpal actıvıty of whıch ıs the provıdıng of servıces substantıally sımılar to those provıded by *EcoUpgraders* or *Pono Home* busınesses except for any other busıness whıch you operate pursuant to a valıd exıstıng Franchıse Agreement wıth us,

(b) Followıng the termınatıon or expıratıon of thıs Agreement for any reason or your transfer of thıs Agreement or your ınterest ın ıt, for a perıod of 2 years followıng the date that thıs Agreement ends or ıs transferred you wıll not have an ownershıp ınterest ın, operate, be employed by, serve as a consultant to, be an officer, dırector, franchısor or a franchısee of or otherwıse take part ın the operatıon of a busıness a prıncıpal actıvıty of whıch ıs the provıdıng of servıces substantıally sımılar to those provıded by *EcoUpgraders* or *Pono Home* busınesses wıthın your Terrıtory

15 3 You agree not to ınduce or attempt to ınduce any of our employees, those of our affılıates or of another franchısee to leave that person's employment durıng the term of thıs Agreement, any renewals or extensıons of thıs franchıse or wıthın 1 year after thıs Agreement ends or you transfer ıt

15 4 The foregoıng covenants to the extent they apply followıng the termınatıon, expıratıon or transfer of thıs Agreement or the transfer of any ınterest ın any entıty that has an ınterest ın thıs franchıse shall survıve the termınatıon, expıratıon or transfer and they wıll apply regardless of whether thıs Agreement ended at the conclusıon of ıts term, was termınated due to the default of eıther party or for any other reason

15 5 If a court or arbıtratıon trıbunal of competent jurısdıctıon determınes that the foregoıng covenants cannot be enforced as wrıtten, the court or arbıtratıon trıbunal ıs authorızed to alter the terms of these covenants to the extent necessary to permıt the covenants to be enforced to the greatest extent possıble

16. Dıspute Resolutıon

Thıs sectıon dıscusses how we wıll resolve any dısputes between us and certaın condıtıons applyıng to dısputes

16 1 (a) If there ıs ever any dıspute or claım between us related to thıs Agreement, ıts terms, ıts ınducement or ıts breach by eıther of us, except for those

described below, before taking any further action the parties agree to refer the matter to mediation pursuant to the rules of JAMS

(b) You agree to attend or to have a member of your senior management attend the mediation on your behalf You agree that the person who attends the mediation on your behalf will have the authority to settle the dispute on your behalf

(c) Unless we both agree otherwise at the time, the mediation will be limited to one day with the costs of the mediation divided equally between us

(d) If any party that is required to attend the mediation refuses to attend and/or participate in it in good faith, that party will be responsible for the costs incurred by the other party or parties in connection with the mediation, including any action to compel attendance at a subsequent mediation, including reasonable attorneys' fees, mediation charges for the original and subsequent mediation, travel and living costs, and so forth

16 2 (a) If the mediation does not result in a resolution of the dispute, the parties agree to resolve the matter by referring the matter to binding arbitration before a single neutral arbitrator pursuant to the arbitration rules of JAMS

(b) The decision of the arbitrator in the matter shall be final and binding upon the parties to the arbitration and a judgment on the award of the arbitrator may be entered in any court having jurisdiction of the matter or over the party against whom the decision is sought to be enforced

16 3 The parties agree that the foregoing arbitration provisions will not apply to the portion of any dispute that involves claims by more than one *EcoUpgraders* franchisee, those for which class action certification is possible, those involving the validity of our trademarks, service marks, logotypes, or other commercial symbols, or disputes involving claims under state or federal antitrust and/or other trade regulation laws

16 4 Nothing in this Section, or elsewhere in this Agreement, will prevent either of us, without prior resort to the mediation and arbitration procedure set forth above, from seeking a temporary restraining order, a preliminary and a permanent injunction to prevent or remedy any irreparable injury or damage, including, on our part, to our trademarks, trade names, service marks, logotypes, commercial symbols, goodwill, trade secrets, or other of our intellectual or proprietary property, or to our System

16 5 The parties agree that the venue of any legal action, mediation, or arbitration involving this Agreement or any of the transactions concerning it, its inducement, execution, interpretation, or breach, shall be in the city in which our main business office is located You hereby consent to the jurisdiction of the courts and the mediation and arbitration tribunals located in that city and agree to be subject to them

16 6 In the event either of us files an action against the other concerning the inducement, execution, breach, compliance with or enforcement of this Agreement or otherwise related to our franchise relationship, the court or the arbitrator shall designate one or more of the parties as the "prevailing party and shall award the prevailing party its reasonable attorneys' fees, expert witnesses' fees and court costs in the matter and reimbursement of the prevailing party's share of the costs imposed by the arbitration tribunal and the arbitrator

16 7 We both agree to the following

(a) Neither party shall be entitled to punitive or exemplary damages against the other,

(b) Any claim either of us may have against the other will expire 2 years from the date the claim arises unless through the exercise of reasonable diligence the complaining party could not have learned of the claim in which case the 2 year period will begin when the complaining party learns of the claim or through the use of reasonable diligence could have learned of the claim

17. Modification of This Agreement

This section describes how this Agreement can be modified

17 1 This Agreement can be modified only by a written document signed by all of the parties to this Agreement

17 2 We can modify our manuals, operating procedures and all other aspects of our System You agree to follow those changes at your expense at the times and in the manner we direct subject to the limitations of this Agreement

17 3 No course of dealing, temporary concession, alleged custom, practice or the like at variance with the terms of this Agreement will modify this Agreement or the rights and duties of the parties unless the modification is made in writing and is signed as required above

18. Notices and Approvals

This section provides how notices, approvals and consents are given, transmitted and when they are effective

18 1 In order to be effective, all notices, approvals and consents required by this Agreement or related to it must be in writing Notices, approvals and consents may be sent electronically, such as by facsimile transmission or electronic mail as long as the method of electronic communication creates a record that can be retained, retrieved and reviewed by the recipient and can be directly reproduced in paper form through an automated process Notices of default under this Agreement may be sent electronically but shall also be sent by hard

copy by means of certified mail, return receipt requested, or by a national overnight delivery service for delivery on the next business day after receipt by the service

18 2 Notices, approvals and consent shall be deemed to have been received by the addressee at the earlier of

(a) When actually delivered to the addressee or when delivery by certified mail or overnight delivery service is attempted and receipt is refused by the addressee or is not possible because the addressee has moved or because the addressee is absent at the place where delivery is attempted,

(b) When an acknowledgment of receipt is signed by the addressee or a duly authorized agent of addressee,

(c) For other than notices of default, the next business day after sent to the addressee by facsimile or by electronic mail or the same day when receipt of such a transmission is acknowledged by the addressee,

18 3 (a) For purposes of notices, approvals, consents, payments, receipts or other communications, the parties designate the addresses listed at the beginning of this Agreement

(b) Any party to this Agreement can change his, her or its address by giving written notice of the change to the other party as provided above

19. Consumer Price Index Adjustment

In this Agreement various sums are subject to adjustment by any increase in the Consumer Price Index This section describes how those adjustments are to be made

19 1 Whenever in this Agreement any charge, fee or other payment is to be adjusted by the Consumer Price Index, that adjustment will be based upon any increase between the date of this Agreement, or such other time as may be set forth in the provision of this Agreement requiring the adjustment, and the date on which the concerned payment is due in the Consumer Price Index for All Urban Consumers (base year 1982-84=100) published by the Bureau of Labor Statistics of the United States Department of Labor most immediately preceding the concerned dates

19 2 In no case will any Consumer Price Index adjustment result in the charge, fee or other payment that is subject to adjustment being adjusted below the original amount of the concerned charge, fee or other payment

19 3 If the Index designated in Section 19 1 above is changed so that the base year differs from that in effect on the date of this Agreement, the Index shall be converted in accordance with the conversion factor published by the Bureau of Labor Statistics of the United States Department of Labor If the Index is

dıscontınued or revısed durıng the term and any extensıons or renewals of thıs franchıse, the government ındex or computatıon wıth whıch ıt ıs replaced shall be used ın order to obtaın substantıally the same result that would have been obtaıned had the Index not been dıscontınued or revısed

20 Heırs, Successors and Assıgns

Thıs sectıon makes thıs Agreement bındıng on the partıes' successors ın ınterest

20 1 Thıs Agreement ıs bındıng upon and ınures to the benefit of the partıes to thıs Agreement, any entıty wıth an ınterest ın thıs Agreement, the owners of any entıty wıth an ınterest ın thıs Agreement and theır respectıve heırs, successors, representatıves and assıgns but only on the condıtıons and ın the manner more specıfically set forth elsewhere ın thıs Agreement ıncludıng the transfer requırements above

21. Waıvers

Thıs sectıon dıscusses the lımıtatıons on waıvers of rıghts under thıs Agreement

21 1 Except as otherwıse provıded ın thıs Agreement, the faılure by any party to thıs Agreement to enforce any rıght that he, she or ıt may have or to enforce or declare any default by the other party under thıs Agreement shall not be deemed to be a waıver or abandonment of the rıght or default unless the rıght or default ıs waıved by a wrıtten document sıgned by the party who ıs waıvıng the rıght or default

21 2 The waıver of any rıght or default ın one ınstance shall not be deemed to be a contınuıng waıver of the concerned rıght or default or a waıver of the concerned rıght or default, or any other rıght or default, ın any other ınstance

21 3 The acceptance of money or other performance by eıther party shall not be a waıver of any rıght or default other than the one to whıch that payment or performance pertaıns and then only to the extent of the payment or performance accepted by the other party

22. Severabılıty

Thıs sectıon seeks to preserve the balance of thıs Agreement ıf any portıon ıs not enforceable

22 1 The ınvalıdıty or unenforceabılıty of any portıon of thıs Agreement shall not affect the valıdıty of any other portıon and unless the substantıal performance of thıs Agreement taken as a whole ıs frustrated as a result, thıs Agreement shall remaın ın full force and effect

22 2 Any ınvalıdıty or unenforceabılıty of any part of thıs Agreement ın any jurısdıctıon shall not ınvalıdate that part or any other part of thıs Agreement ın any other jurısdıctıon

23. Covenant of Further Assurances

Thıs sectıon requıres the executıon of any other documents reasonably necessary to carry out the terms of thıs Agreement and respondıng to authorızed ınquırıes

23 1 If, ın our reasonable judgment, ıt ıs advısable to execute any other and further documents that have not been specıfically referred to ın thıs Agreement and are necessary or desırable to carry out the purposes of thıs Agreement, you agree to execute those documents promptly provıded that they do not substantıally alter your rıghts or ıncrease your dutıes under thıs Agreement

23 2 You agree to respond promptly and accurately to all ınquırıes from our accountants, audıtors, lenders and others we authorıze concernıng the status of thıs Agreement, the status and amounts of any accounts between us, and/or any other matters pertaınıng to our mutual rıghts and oblıgatıons under thıs Agreement

24. Governıng Law

Thıs sectıon desıgnates whıch state's laws govern the ınterpretatıon of thıs Agreement

24 1 Thıs Agreement and ıts ınterpretatıon shall be governed by the laws of the state of Hawaıı

24 2 If a court of competent jurısdıctıon determınes that some or all of thıs Agreement must be governed by the laws of a state other than Hawaıı, then the laws of the other state wıll govern the ınterpretatıon of thıs Agreement to the extent requıred by that court

24 3 If applıcable law requıres there to be terms other than, or ın addıtıon to, the terms contaıned ın thıs Agreement, then the requıred terms wıll be consıdered to be a part of thıs Agreement but only to the extent necessary to prevent the ınvalıdıty of thıs Agreement or any of ıts provısıons or to prevent the ımposıtıon of any cıvıl or crımınal penaltıes or lıabılıty

24 4 The arbıtratıon provısıons set forth ın the Agreement are governed by the Federal Arbıtratıon Act (9 U S C § 1 et seq)

24 5 To the extent permıtted by the laws of the state whose law governs the ınterpretatıon of thıs Agreement, you waıve any provısıons of law or regulatıon that renders any portıon of thıs Agreement altered, ınvalıd or unenforceable ın any respect

25. Counterparts

Thıs sectıon makes clear that separate copıes of Agreement can be sıgned by the partıes

25 1 Thıs Agreement may be executed ın one or more counterparts all of whıch shall constıtute but one agreement

26. Headings and Gender

This section limits the language of this Agreement to that intended to be part of our agreement and clarifies some references

26 1 The headings and section descriptions used in this Agreement are for convenience only and are not to be used in interpreting the provisions of this Agreement

26 2 The headings and explanatory comments at the beginning of each section may not completely describe the contents of that section

26 3 As used in this Agreement the male or female gender shall include the other and the neuter In this Agreement, the singular shall include the plural and the plural shall include the singular as appropriate

27. Miscellaneous

This section contains various "housekeeping" provisions

27 1 Time is of the essence in this Agreement That means that when a time period is specified for an action or inaction, that time period must be adhered to unless it is waived or modified by the other party or parties in the manner specified in Section 21 of this Agreement

27 2 In entering into this Agreement neither of us intends to confer any benefit or right on any person or entity not a party to this Agreement except as specified regarding our affiliates Other than for our affiliates, we both agree that no third party shall have any right to claim any benefit or right as a third party beneficiary under this Agreement or any provision of this Agreement

27 3 You are not entitled to claim any rights or benefits, including those of a third party beneficiary, under any contract, understanding or agreement between us and any other person or entity unless that contract, understanding or agreement specifically refers to you by name or to a class to which you belong and specifically grants rights or benefits to you or to the concerned class

27 4 (a) Where a partnership, corporation, limited liability company or other entity is a party to this Agreement, the person or persons signing this Agreement on behalf of the concerned entity warrant to us that he, she or they have the necessary authority to sign this Agreement for the entity At our request, you agree promptly to provide us with a certified copy of a resolution or other authorization from the concerned entity authorizing the execution of this Agreement and naming the persons who are authorized to sign this Agreement on behalf of the entity

(b) You warrant that if you are a partnership, limited liability company, corporation or other entity, that it has been duly organized, is validly existing and is in good standing in the jurisdiction in which it was formed and, if necessary as a condition of doing business there, in the jurisdiction where your business will be located

27 5 Except as otherwise set forth in this Agreement, no fees, charges or other payments of any kind that you make to us, or that are made on your behalf, are refundable in whole or in part

27 6 All amounts that you owe us that are past due will be subject to a late charge in the amount of 1 1/2% per month If the amount of this late charge is not allowed by applicable law, the late charge will be equal to the highest lawful rate on loans between businesses in the state whose law governs this Agreement Neither because we impose nor because you pay a late charge does that payment waive or otherwise affect any right or remedy that we have under this Agreement or under law except as may be set forth elsewhere in this Agreement

28 Accord and Satisfaction

This section concerns payments of less than the full amount due

28 1 (a) Any payment you make to us or to our affiliates, any payment made by anyone for your account or the receipt of any amount of less than that required to be paid, shall not be considered to be anything but a payment on account regardless of any endorsement to the contrary contained on the payment or in any oral or written communication transmitted in connection with the payment

(b) Neither any payment made to us or to our affiliates nor the acceptance of a payment by us or by our affiliates shall be considered to be a waiver of any of our rights or those of our affiliates to require full payment and performance of all of your duties and obligations under this Agreement or any other agreement under which the concerned obligation arose

28 2 Neither by endorsing or accepting any check nor by accepting any amount otherwise paid on your behalf are we bound by any claim that the endorsement or acceptance is an accord and satisfaction for less than the full amount due

28 3 All payments you make to us or to our affiliates and any payments made on your behalf shall be applied first to any late charges and/or interest owing and then to the earliest of the principal amounts due

29. Joint and Several Liability

This section makes clear that everyone signing this Agreement is responsible for its performance both individually and as a group

29 1 If 2 or more people, corporations, partnerships, limited liability companies or other entities, or any combination of them, sign this Agreement, the liability of each is joint and several

30. Our Right to Act

This section gives us the right to perform your obligations if you do not do so

30 1 If you fail to perform any duty or obligation required under this Agreement, we have the right, but not the obligation, to perform that duty or obligation for your account, on your behalf and/or in your name If we elect to do so, you agree immediately to pay us all costs and expenses we incur in that performance

30 2 No action we may take on your behalf under Section 30 1 will amount to a waiver or release of any claims we may have because of your failure to perform the concerned duty or obligation

31. Entire Agreement

This section makes clear that this Agreement, the disclosure document that accompanied it and any other agreements we both sign contain our entire understanding

31 1 This Agreement and any other agreements we both may sign as part of this transaction as well as the representations in the disclosure document that we gave you with this Agreement contain the entire understanding between us and include all representations on which we both have relied

31 2 This Agreement and any other agreements we both may sign as part of this transaction supersede all negotiations, agreements, representations, promises, commitments, inducements, assurances, conditions and covenants between us whether direct, indirect or implied and whether oral or written except for those in the disclosure document that we gave you with this Agreement

31 3 By signing this Agreement you confirm that we have made no promises that are not contained in this Agreement, any other agreements we both may sign as part of this transaction or in the disclosure document that we gave you with this Agreement including promises or representations concerning your potential for success or the profitability of your business You also confirm that we have advised you that there can be no guarantee or assurance of sales levels, profitability or success in your business and that your business ability and dedication to your business are crucial elements of your potential for success

31 4 This Agreement and any other agreements we both may sign as part of this transaction are intended to be the entire integration of all of our understandings of every type concerning your business and your rights whether those understandings arose before or at the same time as the execution of this Agreement and any other agreements we both may sign as part of this transaction except for those contained in the disclosure document that we gave you with this Agreement

31 5 We both confirm and agree that no other agreements, representations, negotiations, understandings, promises, commitments, inducements, assurances, terms, conditions or covenants of any kind exist between us except those in this Agreement, any other agreements we both may sign as part of this transaction and in the disclosure document that we gave you with this Agreement whether they pertain to this Agreement or to any future, further or additional rights of either or both of us or otherwise To the extent that there may be any agreements, representations, negotiations, understandings, promises, commitments, inducements, assurances, terms, conditions, covenants or the like not contained in this Agreement, in the disclosure document we gave you with this Agreement or in any other agreements we both may sign as part of this transaction, we both agree that they are waived

31 6 **YOU CONFIRM THAT WE HAVE ADVISED YOU THAT YOU MUST INSURE THAT ALL PROMISES AND REPRESENTATIONS FOR PRESENT AND FUTURE RESULTS AND RIGHTS, WHETHER ABSOLUTE OR CONTINGENT, ARE CONTAINED IN THIS AGREEMENT OR IN ANOTHER AGREEMENT SIGNED BY BOTH OF US OR THEY MAY BE LOST**

IN WITNESS WHEREOF, we both execute this Agreement as of the date and year first above written

Franchisee	**Franchisor**
______________________________	PONO HOME, INC a Delaware corporation
______________________________	By ______________________________
______________________________	Name ______________________________
______________________________	Title ______________________________

DESIGNATION OF APPROVED LOCATION AND TERRITORY

Franchise Agreement
ATTACHMENT 1

DESIGNATION OF APPROVED LOCATON AND TERRITORY

As required by the Franchise Agreement dated __________ between Pono Home, Inc , a Delaware corporation, ("Franchisor") and ____________________________________ ____________________________________, a/an ____________________________, ("Franchisee") the parties agree that the approved location for Franchisee's *EcoUpgraders* or *Pono Home* business premises is

Franchisee's Territory is described as follows

Franchisee

____

____

____

____

Franchisor

PONO HOME, INC
a Delaware corporation

By ______________________________

Name ____________________________

Title _____________________________

MUTUAL GENERAL RELEASE

Franchise Agreement
ATTACHMENT 2

MUTUAL GENERAL RELEASE

This Mutual General Release ('this Release") is made on ________________________, by ____, hereinafter referred to as "Franchisee" and Pono Home, Inc , a Delaware corporation, hereinafter referred to as "Franchisor"

This Release is made with reference to the following facts

A Franchisor and Franchisee entered into a Franchise Agreement dated ______________, hereinafter referred to as "the Franchise Agreement"

B The Franchise Agreement is for an *EcoUpgraders* or *Pono Home* business located at

____

C As required by the Franchise Agreement or pursuant to another agreement between the parties, the parties desire to enter into this Release

D. If a party to this Release has claims it wishes to retain, it should not sign this Release.

NOW, THEREFORE, in consideration for the mutual release of claims by the parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and with the intent to be legally bound, the parties hereto agree as follows

1 The facts set forth above are true

2. (a) Except for the obligations undertaken by the parties in this Release, by signing this Release each party hereto forever releases, forgives and discharges the other party, its affiliates and their officers, directors, shareholders, members, employees, agents and others with whose conduct it is chargeable ("the Released Parties") from any and all liability of any kind and nature whether arising out of the Franchise Agreement, its inducement, execution and performance, the franchise relationship between Franchisee and Franchisor or otherwise, including any and all claims, demands, rights of action, causes of action and liability caused by errors, omissions, intentional acts and negligence of any kind or character whatsoever, that a party may now have or claim to have against the other party. The parties understand and agree that this release covers all claims of every kind and nature, past and present, known and unknown, suspected and unsuspected, except for claims arising pursuant to obligations undertaken under this Release.

(b) If this Release is signed by a resident of California, or if California law is found to be applicable to this Release for any other reason, the parties expressly waive any and all rights or claims under Section 1542 of the *California Civil Code*, that states:

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

3 If any legal action or other action or proceeding is brought for the enforcement of this Release or because of a dispute, breach, default or misrepresentation in connection with any of the duties, obligations, covenants, representations, warranties, performance, promises or provisions of this Release, the party prevailing in that action or proceeding shall be entitled to recover its reasonable attorneys' fees and all other costs incurred in that action or proceeding in addition to any other relief to which that party may be entitled

4 The parties each warrant and represent they have full power and authority to enter into this Release Each of the parties warrants to the other that no third party has any interest or right in any claim, potential claim, right of action or cause of action covered by this Release and the consent of no third party is required for the effectiveness of this Release

5 It is agreed that the agreements and undertakings contained in this Release shall be binding upon the parties and also upon their heirs, successors, representatives and assigns

6 Unless prohibited by any applicable law, this Release shall be construed and governed by the laws of the state of Hawaii This Release does not release any claims the forgiveness of which is specifically prohibited by any applicable law

7 Should any provision of this Release be found to be invalid or unenforceable under any law that may be found to govern this Release, such invalidity or unenforceability shall not affect the validity or enforceability of any other portion of this Release and, unless substantial performance of this Release taken as a whole is prevented thereby, this Release shall remain in full force and effect

8 This Release contains the entire understanding and agreement of the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous negotiations, inducements, assurances, conditions, agreements, contracts, representations, promises, commitments, covenants and understandings between the parties whether direct or implied and whether oral or written

IN WITNESS WHEREOF, this Release has been duly executed it as of the date first written above

FRANCHISOR	**FRANCHISEE:**
Pono Home, Inc	________________________
By ____________________	By ____________________
Name ____________________	Name ____________________
Title ____________________	Title ____________________

CONTINUING GUARANTY

Franchise Agreement
ATTACHMENT 3

CONTINUING GUARANTY

(To be used to guarantee the obligations of a corporate, limited liability company or other entity that owns the franchise or to guarantee the obligations of a franchisee other than the guarantor)

The undersigned, and each of them, (hereinafter referred to as "Guarantor") as a material inducement to and in consideration for Pono Home, Inc (hereinafter referred to as "Franchisor") entering into a Franchise Agreement ("the Franchise Agreement") with ____, (hereinafter referred to as "Franchisee"), dated ______________________, unconditionally guarantees and promises to and for the benefit of Franchisor that Franchisee will perform faithfully and completely all of the provisions, obligations and duties that Franchisee has agreed to perform under the Franchise Agreement and/or any other obligations undertaken or to be undertaken by Franchisee in favor of Franchisor or Franchisor's affiliates Guarantor also agrees that he or she is bound by the confidentiality and noncompetition provisions of the Franchise Agreement to the same extent as Franchisee as well as the other provisions of the Franchise Agreement in which the Guarantor are indicated as being bound

If there is more than one Guarantor, each Guarantor's obligations are joint and several Each Guarantor's obligations are also independent of Franchisee's obligations A separate action may be brought or prosecuted against any Guarantor whether or not the action is brought or prosecuted against any other Guarantor or against Franchisee or any or all of them or whether any other Guarantor or Franchisee is or are joined in the action

Guarantor waives the benefit of any statute of limitations or other provision of law that in any way affects or limits Guarantor's liability under this Guaranty

The provisions of the Franchise Agreement or other obligation involving Franchisee may be changed between Franchisor and Franchisee at any time and in any manner, either by written or oral agreement, by operation of law, by course of conduct or otherwise, without the consent of or notice to Guarantor This Guaranty shall continue to guarantee the performance of Franchisee under the Franchise Agreement and/or other obligation as so modified without further agreement or act of Guarantor being required

Assignment by Franchisee or by Franchisor of the Franchise Agreement or other obligation as permitted in the Franchise Agreement or the other obligation shall not affect this Guaranty and the obligations of Guarantor hereunder shall carry over to the transferee of either party to the Franchise Agreement or other obligation

This Guaranty shall not be affected, nor the obligations of Guarantor hereunder limited in any way, by Franchisor's delay in enforcement or failure to enforce any of its rights under the Franchise Agreement, other guaranteed obligation or under this Guaranty

If Franchisee commits a breach of the Franchise Agreement or other guaranteed obligation, Franchisor can proceed immediately against Guarantor, Franchisee or both or Franchisor can enforce against Guarantor, Franchisee or both, any rights that it has under the Franchise Agreement, other obligation or pursuant to applicable law or both If the Franchise Agreement or other obligation terminates, Franchisor can enforce any rights it has following the termination against Guarantor, Franchisee or both, without giving prior notice to Guarantor, Franchisee or either and/or without making demand on Guarantor, Franchisee or either

Guarantor waives the right to require Franchisor to proceed against Franchisee before proceeding against Guarantor, to proceed against or exhaust any security that Franchisor holds from Franchisee, Guarantor or any other source and/or to pursue any other remedy available to Franchisor prior to proceeding against Guarantor, Franchisee or either Guarantor further waives any defense available to Guarantor, Franchisee or either by reason of any disability of Franchisee and further waives any other defense based on the termination or limitation of Franchisee's liability by reason of any cause, event, term or condition including any defense or limitation available by operation of law

Until all of Franchisee's obligations to Franchisor have been satisfied and discharged in full, Guarantor waives any right of subrogation against Franchisee Guarantor waives any right it may have to enforce any remedies that Franchisor may now have against Franchisee or may have at a later time Guarantor further waives all presentments, protests, demands of any type, notices of any type, including notices of protest, notices of dishonor and notices of acceptance of this Guaranty Guarantor waives the foregoing as to present and/or future obligations and specifically waives any and all notices of the existence, creation or incurring of any new or additional obligations of Franchisee to Franchisor

If Franchisor seeks to enforce Guarantor's obligations under this Guaranty by legal proceedings and/or by the employment of an attorney or takes any other or additional collection or other action to enforce its rights hereunder, Guarantor agrees to pay to Franchisor all costs incurred by Franchisor in such proceedings, action, and/or employment, including court costs, costs of suit and attorneys' fees

This Guaranty shall be binding upon Guarantor and each and all of them if more than one and upon his, her, its or their, successors, representatives and assigns

Executed at ______________________________, on __________________________

______________________________	______________________________
Signature	Signature
Address ________________________	Address ________________________
______________________________	______________________________
______________________________	______________________________
Signature	Signature
Address ________________________	Address ________________________
______________________________	______________________________

Nondisclosure and Confidentiality Agreement

EXHIBIT D
to Franchise Disclosure Document

NONDISCLOSURE AND CONFIDENTIALITY AGREEMENT

Pono Home, Inc , a Delaware corporation, is willing to disclose to you certain data, including trade secret material and proprietary information, relating to the site selection, operations and similar information concerning *EcoUpgraders* or *Pono Home* businesses, including allowing you to examine its manuals and other materials for your use in evaluating the purchase of a franchise

Your signature below is your agreement on behalf of yourself and any organization or entity with which you are or may become associated to hold all such information in confidence, not to disclose the information to others and not to use the information for any purpose, whether commercial or noncommercial, for the developing or improving of any business or any other enterprise or activity without the prior written consent of Pono Home, Inc You agree that all of the information disclosed to you is the property of Pono Home, Inc and that its unauthorized disclosure will cause Pono Home, Inc irreparable injury

This Agreement is effective from the date written below and is effective as long as there are any *EcoUpgraders* or *Pono Home* businesses in operation unless Pono Home, Inc agrees in writing that your obligations under this Agreement can be terminated sooner or until you become an *EcoUpgraders* or *Pono Home* franchisee If you become an *EcoUpgraders* or *Pono Home* franchisee your nondisclosure and confidentiality obligations will be contained in your Franchise Agreement

EXECUTED at ______________________________, on ______________________________,

Signature __________________________ Signature __________________________

Name ______________________________ Name ______________________________

ACKNOWLEDGMENT OF REVIEW

I/We hereby acknowledge that I/we reviewed the above-described manuals to my/our satisfaction on __________________________, 20_____

Signature __________________________ Signature __________________________

Name ______________________________ Name ______________________________

Acknowledgment at Closing

EXHIBIT E
to Franchise Disclosure Document

ACKNOWLEDGMENT AT CLOSING

In this document "Franchisee" means ____ and "Franchisor" means Pono Home, Inc

The execution of documents for the awarding of an *EcoUpgraders* or *Pono Home* franchise to Franchisee finalizes a process in which Franchisee reviews a great deal of information provided by the Franchisor and others Much of this information has a significant impact upon the transaction The information considered by Franchisee serves as the basis upon which Franchisee makes a decision whether to purchase a franchise

Franchisee wishes to enter into a Franchise Agreement with Franchisor for an *EcoUpgraders* or *Pono Home* business to be located at ____

In order to induce Franchisor to enter into a Franchise Agreement with Franchisee, Franchisee acknowledges that the following statements with regard to the documents, data and other material described below are true and are an accurate reflection of the transaction with Franchisor. **If they are not, Franchisee is instructed to insert the correct information where appropriate and to initial, and to have Franchisor initial, the changes**

(1) Franchisee received the Franchise Disclosure Document for prospective franchisees required by the state in which Franchisee resides and/or in which his or her business will be operated at least 14 calendar days prior to the execution of any documents or the transfer of any funds by Franchisee or on behalf of Franchisee

(2) Franchisee received and reviewed all completed contract documents at least 7 calendar days prior to the execution of those documents

(3) Franchisee acknowledges that the success or failure of Franchisee's business depends primarily upon Franchisee's business ability, the quality and quantity of the effort put forth by Franchisee and upon Franchisee's compliance with the manuals, requirements, instructions and directives of Franchisor

(4) Franchisee acknowledges that neither Franchisor nor anyone purporting to act for Franchisor has made any promises or representations concerning Franchisee's business, the sales volumes that will be produced by Franchisee's business, the profits to be made in the business, the likelihood of success of the franchised business or any other matter in connection with the proposed franchise or the franchised business other than those that are set forth in the Franchise Disclosure Document, the Franchise Agreement and any other signed amendments or agreements between Franchisee and Franchisor ***If any such promises have been made, Franchisee is instructed to make sure that they are set forth in writing in the Franchise Agreement or in an amendment or exhibit thereto which is signed by both parties*** Franchisor in granting this franchise is relying on Franchisee to see that all such matters are reduced to writing, are signed by Franchisee and Franchisor and are attached to the Franchise Agreement If they are not, Franchisee hereby waives any such representation, warranty and promise and agrees that Franchisee will not be able to rely in any way on them and that Franchisor will not be bound by them

Nothing in this Acknowledgment at Closing will alter the law of the state whose law governs this transaction

IN WITNESS WHEREOF Franchisee has executed this Acknowledgment on

____

______________________________	______________________________
Signature	Signature
Name ______________________	Name ______________________
And if an entity	
Title ______________________	Title ______________________

Franchisor acknowledges Franchisee's representations and commitments stated above and based on those assurances, among other things, Franchisor agrees to award Franchisee an *EcoUpgraders* or *Pono Home* franchise

FRANCHISOR:

Pono Home, Inc

By ______________________________

Name ______________________________

Title ______________________________

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If Pono Home, Inc 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

In New York, Pono Home, Inc must provide you with this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship

If Pono Home, Inc does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and your state agency

The franchise seller or sellers with whom you have dealt in connection with this franchise offer is/are ____

____

____

(name, principal business address and telephone number)

The issuance date of this disclosure document is March 21, 2017 The effective dates of this document in certain states are listed on the State Effective Dates page to this disclosure document

I received a disclosure document dated March 21, 2017, that included the following exhibits

A State Franchise Law Administrators and Agents for Service of Process
B Financial Statements
C Franchise Agreement
D Nondisclosure and Confidentiality Agreement
E Acknowledgment at Closing

Dated ________________________

Name ______________________________ Name ______________________________

You may return the signed Receipt by signing, dating and mailing it to Pono Home, Inc 1000 Bishop Street, Suite 505, Honolulu, Hawaii 96813 or by sending a pdf copy of the signed and dated receipt to **info@ponohome com**

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If Pono Home, Inc 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

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If Pono Home, Inc does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and your state agency

The franchise seller or sellers with whom you have dealt in connection with this franchise offer is/are ____

____

____

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