

# FRANCHISE DISCLOSURE DOCUMENT



BAB Ventures Franchising, LLC  
a Minnesota limited liability company  
5829 Clarion Street  
Cumming, GA 30040  
470-239-3694  
[sales@pureoneservices.com](mailto:sales@pureoneservices.com)

BAB Ventures Franchising, LLC offers individual franchises for the operation of a PureOne Services® franchised business (“Franchised Business”) that offers crime scene cleaning services, as well as biohazard and hoarding cleanup services, water, fire, and mold property restoration services, mold testing, and related products and services under the PureOne Services Marks and System.

The total investment necessary to begin operation of a PureOne Services Franchised Business is from \$86,800 to \$140,600. This includes \$52,500 to \$69,200 that must be paid to us or our affiliates.

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 government 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 Franchise Sales at BAB Ventures Franchising, LLC at 5829 Clarion St., Cumming, GA 30040, or at 470-239-3694.

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

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

Issuance Date: April 19, 2022

## How to Use This Franchise Disclosure Document

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

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

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, or litigation only in Georgia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Georgia than in your own state.
2. **Mandatory Minimum Payments.** You must make mandatory minimum royalty and advertising payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

## **DISCLOSURES REQUIRED BY GEORGIA LAW**

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

## **DISCLOSURES REQUIRED BY MICHIGAN LAW**

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

## TABLE OF CONTENTS

| <b><u>ITEM</u></b>                                                                      | <b><u>PAGE</u></b> |
|-----------------------------------------------------------------------------------------|--------------------|
| 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....                    | 1                  |
| 2. BUSINESS EXPERIENCE .....                                                            | 2                  |
| 3. LITIGATION.....                                                                      | 3                  |
| 4. BANKRUPTCY.....                                                                      | 3                  |
| 5. INITIAL FEES.....                                                                    | 3                  |
| 6. OTHER FEES.....                                                                      | 4                  |
| 7. ESTIMATED INITIAL INVESTMENT .....                                                   | 8                  |
| 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....                               | 10                 |
| 9. FRANCHISEE'S OBLIGATIONS .....                                                       | 14                 |
| 10. FINANCING.....                                                                      | 15                 |
| 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .              | 15                 |
| 12. TERRITORY .....                                                                     | 22                 |
| 13. MARKS .....                                                                         | 24                 |
| 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....                               | 26                 |
| 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE<br>BUSINESS..... | 26                 |
| 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....                                   | 27                 |
| 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....                         | 27                 |
| 18. PUBLIC FIGURES.....                                                                 | 29                 |
| 19. FINANCIAL PERFORMANCE REPRESENTATIONS.....                                          | 30                 |
| 20. OUTLETS AND FRANCHISEE INFORMATION.....                                             | 32                 |
| 21. FINANCIAL STATEMENTS .....                                                          | 34                 |
| 22. CONTRACTS.....                                                                      | 34                 |
| 23. RECEIPTS .....                                                                      | 34                 |

### EXHIBITS:

- EXHIBIT A - Financial Statements
- EXHIBIT B - Franchise Agreement
- EXHIBIT C - Current and Former Franchisees
- EXHIBIT D - List of State Administrators; Agents for Service of Process
- EXHIBIT E - State Specific Addenda
- EXHIBIT F - General Release Form
- EXHIBIT G - Manuals Table of Contents
- EXHIBIT H - Disclosure Acknowledgment Agreement
- EXHIBIT I - State Effective Dates and Receipts



## ITEM 1

### THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we” and “us” means BAB Ventures Franchising, LLC, the franchisor. “You” means the person who buys the franchise. If a corporation, partnership or limited liability company buys a franchise, “you” also may refer to the shareholders of the corporation, partners of the partnership or members of the limited liability company.

#### The Franchisor

We are a Minnesota limited liability company formed in March 2020. Our principal place of business is at 5829 Clarion Street, Cumming, GA 30040. Our telephone number is 470-239-3694. Our agents for service of process are disclosed in Exhibit D. We do not conduct business in any other line of business, and we have not offered franchises in any other line of business. As of the issuance date of this disclosure document, we provide the following products to our franchisees: certain solutions, respirators, filters, vacuums, dehumidifiers, air movers and other equipment, privately-branded merchandise and various promotional items.

#### Our Business Experience and Affiliates.

We began franchising in February 2021. We do not operate the type of business that is being offered under this disclosure document.

Our founders developed the PureOne Services concept in 2019 and began operating PureOne Services businesses in 2019. In December 2018, our founders formed our predecessor and affiliate, Alliance Partners, LLC (“Alliance Partners”). Alliance Partners owns the rights to the PureOne Services Marks and licenses them to us. Our founders currently own and operate four PureOne Services businesses. In addition, a former owner of Alliance Partners operates a PureOne Services business under a royalty-free license agreement with Alliance Partners. For purposes of this disclosure document, the PureOne Services location that operates under a royalty-free license agreement is considered a franchised outlet.

Other than described above, we do not have any parents, predecessors, or affiliates that are required to be disclosed, and neither we nor our parents, predecessors or affiliates offer franchises in any line of business or provide products or services to our franchisees.

#### Franchise Offered

You will receive the right to own and operate an individual Franchised Business that offers and sells crime scene cleaning services, as well as biohazard, disinfection, hoarding, and drug lab cleanup services, water, fire, and mold property restoration services, mold testing, reconstruction services, and related products and services. You may perform the services we approve at a property owned by a third party or you may purchase any of the properties that you perform services on. You are not required to purchase any of the properties that you service. The Franchised Business will offer the services we approve and use certain distinctive types of equipment, supplies, confidential information, business techniques, proprietary software, servicing techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve (collectively, the “System”) under the service mark PureOne Services as well as other trademarks, service marks, trade names, domain names, logos and other commercial symbols we may use and register in the future for the System (the “Marks”). The Franchised Business may be operated from a location within the Territory (the “Territory”) that we designate. You will be required to obtain an approved location for your Franchised Business with adequate storage space

within a certain time frame after you commence operations. Before you are required to obtain an approved location, you are permitted to operate the Franchised Business from your home office so long as you have a dedicated quiet and organized space.

### Market and Competition

The market for crime scene, biohazard, hoarding, and drug lab cleanup services is developing, but the market for restoration businesses is well developed. Your competition will include other local and national clean up and restoration businesses.

### Laws, Licenses and Permits

You should be aware of state and local government zoning ordinances and regulations in your proposed Territory. You also will likely need to obtain a contractor's license. Each Franchised Business must comply with all federal, state and local laws, and we urge you to become familiar with these specific laws and regulations governing the operation of a Franchised Business in your state. For example, you must comply with all OSHA and EPA regulations and requirements. You also must operate your Franchised Business in compliance with all data protection and privacy laws and all employment and wage and hour laws. You also should check with your state and local authorities to determine if there are additional requirements.

Construction cleaning regulations can vary widely from jurisdiction to jurisdiction, and it is imperative that you investigate and understand any licensing or certification that will be needed for you to operate your Franchised Business. For example, depending on the jurisdiction, you may need to obtain a contractor's license, business license and/or sales tax permit.

We permit you to operate your PureOne Services Franchised Business from your residence for the first few months of operations; however, local law may require that your warehouse be located in a commercial (non-residential) area. You should check with your state and local law to determine where you are permitted to operate your Franchised Business and store the approved products.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### Sandra M. Apoian – President and Chief Operating Officer

Sandra has been our Chief Operating Officer since our inception, President since January 2022, and she is located in Cumming, Georgia. Sandra has also been the President of a GKA Enterprises, Inc. in Cumming, Georgia, since May 2017. From 2012 through May 2017, Sandra was a stay-at-home parent and active volunteer.

#### Jerry Fisher – President of Business Development

Jerry has been our President of Business Development since our inception, and is located in St. Louis, Missouri. Jerry has also been the owner of a Sam Lee Enterprises Inc. in St. Louis, Missouri, since June 2017. Prior to that, Jerry was the National Claims Strategy Leader for Farmers Insurance Exchange in Woodland Hills, California, from July 2001 to June 2017.

### Patrick Apoian – President of Field Operations

Patrick has been our President of Field Operations since our inception, and is located in Cumming, Georgia. Patrick also has been an owner of GKA Enterprises, Inc. in Cumming, Georgia since June 2017. Patrick also led the Crime Stoppers Division of the Atlanta Police Foundation from February 2016 through August 2017, and he was a Police Detective in Atlanta, Georgia, from June 2002 to his retirement in February 2016.

### Todd Olson – Advisor

Todd has been an Advisor since January 2022, and is located in Cumming, Georgia. Todd has also been the owner of a PureOne Services outlet in Minneapolis, Minnesota, since April 2019 and Los Angeles, California, since June 2020. Prior to that, Todd was our President from March 2020 to January 2022. Todd was the Owner of Arc Property Specialist, LLC in Minneapolis, Minnesota from August 2017 to March 2019.

## **ITEM 3**

### **LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4**

### **BANKRUPTCY**

*In re: Dell Inc. d/b/a Quality RV Minnesota Bankruptcy Court 4:16-bk-42287.* Dell Inc. d/b/a Quality RV (“Quality RV”), located at 3801 West Chelsea Road, Monticello, MN 55362, voluntarily filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the District of Minnesota 4:16-bk-42287 in August 2016. Todd Olson was an officer of Quality RV at the time. After the assets were sold to Camping World RV Sales, LLC, the matter was then converted to a Chapter 7 proceeding in October 2016. The proceeding is currently awaiting closing as of January 2021. As part of the bankruptcy proceedings, the trustee of Dell Inc. d/b/a Quality RV filed suit against Todd Olson on May 12, 2016, in Minnesota Bankruptcy court seeking to avoid multiple transfers and subordination of claims. Olson denied all liability on the claims and asserted various defenses, including transfers made for reasonably equivalent value, satisfaction of antecedent debt, contemporaneous exchange, among others. Co-defendants Anthony and Jessie Blaine filed cross-claims against Olson, including breach of contract for deed and cancellation of the contract for deed. The parties entered a settlement on July 19, 2017, pursuant to which Olson agreed to pay the trustee \$400,000.

No other bankruptcies are required to be disclosed in this Item.

## **ITEM 5**

### **INITIAL FEES**

The “Initial Franchise Fee” for a Macro Territory is \$48,000, and for a Micro Territory is \$38,000. As described in Item 12, a “Macro Territory” means a Territory that includes a population of at least 500,000 individuals and a “Micro-Territory” means a Territory that includes a population of between 100,000 to 499,999 individuals. The Initial Franchise Fee is due and payable when you sign the Franchise Agreement. The Initial Franchise Fee is uniformly imposed, payable in a lump sum and is not refundable under any circumstances.

Prior to opening, you will have to purchase from us the list of equipment that we determine, which includes respirators, filters, air movers, dehumidifiers, vacuums, and other equipment that we require and that we set forth in the Manuals (the “Equipment Package”). As of the issuance date of this disclosure document, we estimate that the Equipment Package will cost between \$12,800 - \$19,500 depending upon the size of your Territory. However, due to potential market price fluctuations outside of our control, the actual cost of the Equipment Package could be higher. The purchase of the Equipment Package is payable in a lump sum and is not refundable under any circumstances.

Prior to opening, you will also have to pay us a software start-up fee of \$1,700 in connection with setting you up to use our designated CRM software Service Minder and your website (the “Start-Up Technology Fee”). The Start-Up Technology Fee is payable in a lump sum and is not refundable under any circumstances.

## ITEM 6

### OTHER FEES

| Type Of Fees (1)                                                                                      | Amount                                                                                                                                                                                                                | Due Date                                                  | Remarks                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Royalty Fee                                                                                           | An amount equal to the greater of:<br><br>(i) 4.5% to 7% of Gross Revenue on Primary Services, <i>plus</i> 3% of Gross Revenue on Reconstruction Services; or<br><br>(ii) \$1,000 per month<br><br>(See Note 2 and 3) | Payable on the 5 <sup>th</sup> day of each calendar month | The Royalty Fee that you must pay us on Primary Services will be based upon your annual Cumulative Gross Revenue of Primary Services. Primary Services are all services provided by the Franchised Business except the Reconstruction Services.<br><br>The \$1,000 minimum Royalty Fee will not go into effect until your 10 <sup>th</sup> month of operations.<br><br>(See Note 3) |
| Brand Marketing Fee                                                                                   | 3% of your Gross Revenue                                                                                                                                                                                              | Payable monthly with the Royalty Fee                      | (See Note 4)                                                                                                                                                                                                                                                                                                                                                                        |
| Marketing Management Fee for both Search Engine Optimization (SEO) and Pay Per Click (PPC) Management | Our then-current fee, currently \$950 for both SEO and PPC Management for your local online marketing.                                                                                                                | Payable on the 15 <sup>th</sup> of each calendar month    | The Marketing Management Fee covers just the management of SEO and PPC programs for your Franchised Business. Your PPC ad spend would be in addition to the Marketing Management Fee, which you would pay directly to the third-party vendors. We may increase the Marketing Management Fee upon 90 days’ notice to you.                                                            |
| National Receptionist System Fee                                                                      | \$200 for the first 90 days of operations, then \$400 per month after the first 90 days                                                                                                                               | Payable monthly with the Royalty Fee                      | We reserve the right to modify or cancel the National Receptionist System at any time.                                                                                                                                                                                                                                                                                              |

| Type Of Fees (1)                                                               | Amount                                                      | Due Date                                               | Remarks                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technology Fee                                                                 | Our then-current fee, currently \$295 per month             | Payable monthly with the Royalty Fee                   | We may increase the Technology Fee upon 90 days' notice to you. The Technology Fee may be used to develop, implement, and maintain certain technologies used in the Franchised Business, including website maintenance, text programs, and other technologies we determine are necessary for use in the Franchised Business. |
| Property Purchase Fee                                                          | \$2,500                                                     | When incurred                                          | (See Note 5)                                                                                                                                                                                                                                                                                                                 |
| Required Ongoing Training / Additional On-Site Training / Operating Assistance | Our then-current fee, currently \$800 per day               | When incurred                                          | Incurred for any additional or refresher training we require or that you may request. Fees will vary and include personnel cost, flight, hotel and meals. On-site training must be for at least 2 days.                                                                                                                      |
| Annual National Convention                                                     | Currently, \$0 if you attend                                | When incurred                                          | We reserve the right to charge our then-current fee if you fail to attend. We may change a fee in the future.                                                                                                                                                                                                                |
| Late Fee                                                                       | \$100 per occurrence                                        | When incurred                                          | You must pay us a \$100 late fee each time you fail to pay any amount, or submit any report, owed to us by its respective due date.                                                                                                                                                                                          |
| Interest Expenses                                                              | Lesser of 18% per year or the maximum rate permitted by law | When due                                               | Payable if you do not timely pay any fees or amounts owed to us or our affiliates.                                                                                                                                                                                                                                           |
| Supplier or Product Evaluation Fee                                             | Currently, not collected                                    | When incurred                                          | When imposed, we may charge you our then-current fee each time you asks us to evaluate a supplier or product.                                                                                                                                                                                                                |
| Designated Accounts Program                                                    | Currently, not collected                                    | Payable monthly with the Royalty Fee                   | When implemented, you will participate in any regional or national accounts program we designate and as described in the Manuals.                                                                                                                                                                                            |
| Transfer Fee                                                                   | \$20,000                                                    | Before completion of transfer                          | Paid when Franchise Agreement, assets, or interest in you is transferred. You are responsible for any broker fees.                                                                                                                                                                                                           |
| Renewal Fee                                                                    | \$20,000                                                    | At least 30 days before renewal of Franchise Agreement |                                                                                                                                                                                                                                                                                                                              |

| Type Of Fees (1)                      | Amount                                                                                                                                                                                                                                       | Due Date                                                | Remarks                                                                                                                      |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Management of the Franchised Business | Will vary under circumstances                                                                                                                                                                                                                | When incurred                                           | (See Note 6)                                                                                                                 |
| Costs and Attorneys' Fees             | Will vary under circumstances                                                                                                                                                                                                                | When incurred                                           | The non-prevailing party will pay Costs and Attorneys' Fees for disputes under the Franchise Agreement.                      |
| Audit                                 | Cost of audit and related expenses plus interest                                                                                                                                                                                             | When incurred                                           | (See Note 7)                                                                                                                 |
| Insurance Reimbursement               | Cost of insurance plus a 5% administrative fee                                                                                                                                                                                               | When incurred                                           | If you fail to obtain or maintain required insurance, we may obtain insurance and seek from you reimbursement for insurance. |
| Income and Sales Taxes                | We may collect from you the cost of all taxes arising from our licensing of intellectual property to you in the state where your Franchised Business is located, as well as any assessment on fees and any other income we receive from you. | Payable, when applicable, by electronic funds transfer. | Only imposed if state collects these taxes or assessments.                                                                   |

Notes:

- (1) Type of Fees. Unless otherwise noted, all fees are payable to us, are non-refundable and are uniformly imposed. We reserve the right to require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer, credit card, or other similar means, as described in the Franchise Agreement and Manuals. If payments are required in this method, you must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached as an Exhibit to the Franchise Agreement or any other form that we may accept) for direct debits from your Franchised Business's bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you shall authorize us or our affiliates to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us or our affiliates and any interest that may be owing. You shall make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely paid the Royalty Fee, Brand Marketing Fee, or any other fee due to us or our affiliates for any month, then we or our affiliates shall be authorized, at our option, to debit your account for the applicable fees. A payment will be deemed delinquent if we or our affiliates do not receive the payment on or before the payment due date, or if there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the payment due date.
- (2) Gross Revenue Definition. "Gross Revenue" means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card or otherwise, made or provided at or in connection with the Franchised Business. "Gross Revenue" does not include any federal, state, municipal or other sales, value added or retailer's excise taxes that you pay or accrue. For the purposes of the Franchise Agreement, a sale occurs at the time the services are performed or the goods are sold. We have the right to adjust your Gross Revenue for uncollected amounts in the event that you are required to adjust an invoice or for any other reasons set forth in the Manuals or otherwise. For

example, if you invoice a job for \$10,000, but the customer's insurance company only agrees to pay \$9,000 and you are unable to collect the remaining \$1,000 from the customer, then we may adjust your Gross Revenues based upon the \$1,000 that you were unable to collect. Among other conditions, we reserve the right to require you to demonstrate that you attempted to obtain the uncollected amount, to our satisfaction, before adjusting your Gross Revenues.

- (3) **Royalty Fee.** Except where otherwise stated, all references to "Royalty Fee" in this disclosure document refer to the Royalty Fee on Primary Services plus the Royalty Fee on Reconstruction Services.

- a. *Primary Services.* You must pay us the corresponding Royalty Fee on all Gross Revenue generated by your Franchise Business excluding all Gross Revenue generated from Reconstruction Services (as defined in Section 4(B)(2) below) (the "Primary Services") in accordance with the following chart:

| <b>Cumulative Gross Revenue of Primary Services</b> | <b>Royalty Fee on Primary Services</b>    |
|-----------------------------------------------------|-------------------------------------------|
| \$0 to \$449,999                                    | 7% of Gross Revenue of Primary Services   |
| \$450,000 to \$749,999                              | 6% of Gross Revenue of Primary Services   |
| \$750,000 and above                                 | 4.5% of Gross Revenue of Primary Services |

"Cumulative Gross Revenue of Primary Services" will reset to \$0 on January 1st of each calendar year.

- b. *Reconstruction Services.* Additionally, you must also pay us a monthly Royalty Fee equal to 3% of all Gross Revenue that you generate from Reconstruction Services, regardless of whether you performed such Reconstruction Services or you subcontracted them. "Reconstruction Services" includes all types of construction work. In the event of a dispute as to whether any services constitute Primary Services or Reconstruction Services, we will make the final determination in our sole discretion.
- c. On or before the 5th day of each calendar month, you shall provide to us a written signed report, in the manner and method prescribed by us, which details your Gross Revenues for the immediately preceding calendar month.
- (4) **Brand Marketing Fund.** During the term of the Franchise Agreement, you will pay us a brand marketing fee equal to 3% of your Gross Revenues (the "Marketing Fee") for deposit in a marketing and promotional fund (the "Brand Marketing Fund"). You will pay the Marketing Fee in the same manner and at the same time as the Royalty Fee. We will place all Marketing Fees we receive in the Brand Marketing Fund and we will manage the Fund, as described in Item 11. Also, see Item 11 for information on local advertising requirements.
- (5) **Property Purchase Fee.** You are permitted to purchase any of the properties that you perform services on. If you purchase any property that you perform services on, then you must pay a property purchase fee equal to \$2,500 ("Property Purchase Fee") instead of any Royalty Fees or other fees that you would have been required to pay us in connection with the services performed at the property. You are not required to purchase any of the properties that you service.
- (6) **Management of the Franchised Business.** If you (or the Operating Manager) die or are permanently disabled, then your executor or other personal representative or the remaining Principal Owners

must appoint a competent Operating Manager acceptable to us within 30 days. If no Operating Manager is appointed, we may step in to manage the Franchised Business and charge you a reasonable fee.

- (7) Audit. This fee is payable only if an audit shows an understatement of 2% or more of Gross Revenue in any month, or an audit is required because you did not provide us with required information in a timely manner.

## ITEM 7

### ESTIMATED INITIAL INVESTMENT

#### YOUR ESTIMATED INITIAL INVESTMENT

| Type Of Expenditures<br>(Note 1)                                                        | Low Estimated<br>Amount | High Estimated<br>Amount | Method Of<br>Payment | When Due                                    | To Whom Payment Is<br>To Be Made          |
|-----------------------------------------------------------------------------------------|-------------------------|--------------------------|----------------------|---------------------------------------------|-------------------------------------------|
| Initial Franchise Fee<br>(Note 2)                                                       | \$38,000                | \$48,000                 | Lump Sum             | When you sign<br>the Franchise<br>Agreement | Us                                        |
| Rent (3 Months)<br>(Note 3)                                                             | \$2,700                 | \$5,300                  | As Incurred          | As Incurred                                 | Landlord                                  |
| Equipment Package<br>(Note 4)                                                           | \$12,800                | \$19,500                 | As Incurred          | As Incurred                                 | Us                                        |
| Vehicle Financing &<br>Vehicle Wrap (Note 5)                                            | \$3,600                 | \$4,600                  | As Agreed<br>Upon    | As Incurred                                 | Third Party Suppliers                     |
| Initial Inventory and<br>Supplies (Note 6)                                              | \$2,000                 | \$4,000                  | As Agreed<br>Upon    | As Incurred                                 | Third Party Suppliers                     |
| Computer System and<br>POS (Note 7)                                                     | \$1,700                 | \$2,500                  | As Incurred          | As Incurred                                 | Us and Third Party<br>Suppliers           |
| Signage (Note 8)                                                                        | \$500                   | \$1,000                  | As Incurred          | As Incurred                                 | Third Party Suppliers                     |
| Initial Training and<br>Onsite Assistance<br>Expenses (including<br>travel)<br>(Note 9) | \$6,500                 | \$15,000                 | As Incurred          | As Incurred                                 | Third Party Suppliers                     |
| Business Licenses and<br>Permits<br>(Note 10)                                           | \$100                   | \$1,000                  | As Incurred          | As Incurred                                 | Governmental<br>Agencies &<br>Departments |
| Professional and Legal<br>Fees (Note 11)                                                | \$900                   | \$2,700                  | As Agreed<br>Upon    | As Incurred                                 | Third Party Suppliers                     |
| Insurance<br>(Note 12)                                                                  | \$3,000                 | \$12,000                 | As Incurred          | As Incurred                                 | Third Party Supplier                      |



| Type Of Expenditures<br>(Note 1)         | Low Estimated<br>Amount | High Estimated<br>Amount | Method Of<br>Payment | When Due    | To Whom Payment Is<br>To Be Made |
|------------------------------------------|-------------------------|--------------------------|----------------------|-------------|----------------------------------|
| Additional Funds - 3<br>Months (Note 13) | \$15,000                | \$25,000                 | As Incurred          | As Incurred | Third Party Suppliers            |
| <b>TOTAL<br/>(Note 14)</b>               | \$86,800                | \$140,600                |                      |             |                                  |

Notes:

- (1) Type of Expenditures. Except where otherwise noted, all fees that you pay to us are non-refundable. We and our affiliates do not offer direct or indirect financing to franchisees for any items. Third party lessors, contractors and suppliers will decide if payments to them are refundable. Except for the Initial Franchise Fee and the Equipment Package, we do not anticipate material differences in the estimated initial investment between a Micro Territory or Macro Territory.
- (2) Initial Franchise Fee. You pay us an Initial Franchise Fee equal to \$38,000 for a Micro Territory and \$48,000 for a Macro Territory at the same time you sign your Franchise Agreement. See Item 5 for more information.
- (3) Rent. You are permitted to operate your Franchised Business out of a home office until you hit certain benchmarks (see Item 11 for more information). Once you achieve one of those benchmarks, then you will be required to rent or acquire a space for the Franchised Business. A warehouse may be permitted provided that it has sufficient storage space and adequate private areas to meet with staff for meetings, and you continue to conduct normal office tasks from your home office. Depending on the market conditions and other factors in your geographic area, the cost associated with the premises may vary from the estimates provided in this Item 7. Our estimates assume that you will lease the Franchised Business premises. The exact cost or impact on your rental expense will depend on several factors, including the type of premises, the condition of the premises, the landlord's agreement to reimburse you for certain improvements, the size and location of the premises for your Business and other economic factors. If you purchase the land and building for your Franchised Business, you will incur significantly greater costs in developing your Franchised Business.
- (4) Equipment Package. This estimated amount reflects the potential cost of the Equipment Package, which will depend upon the size of your Territory. Due to potential market price fluctuations outside of our control, the actual cost of the Equipment Package could be higher.
- (5) Vehicle Financing and Vehicle Wrap. You must use a truck or van that meets our minimum standards and requirements. The estimate included in the table above reflects the estimated cost for leasing a vehicle over a period of 3 months as well as tax, registration and licensing. If you decide to purchase the vehicle, your costs will exceed the costs estimated above. Additionally, you will need to have the vehicle fitted with the vehicle wrap we require. Some of the vehicles that you use in operating your Franchised Business must meet our standards and specifications and be branded or wrapped as we require, as more fully described in the Manuals.
- (6) Initial Inventory and Supplies. These amounts reflect the estimated initial inventory and supplies that you will need during the first three months of operations.
- (7) Computer System and POS. These estimates reflect the amount you may pay for the Computer System hardware which we designate for use in your Franchised Business and the Start-Up

Technology Fee. If you already own computer hardware that meets our requirements for the Computer Software, you may not need to purchase any additional computer hardware.

- (8) Signage. These estimates reflect the amount you may pay for exterior and interior signage for your Franchised Business.
- (9) Initial Training and Onsite Assistance Expenses. We do not charge a fee for attendance to our in house initial training program, but you are responsible for all travel and accommodation costs and expenses for attendees. The estimate included in the table above includes estimates for travel expenses for up to two people to attend the initial training program at our facilities, and the cost for one person to undergo the outside training provided by the Institute of Inspection Cleaning and Restoration (IICRC) and Hazwoper. The Designated Owner and the designated individual responsible for the day-to-day operation of the Franchised Business (the “Operating Manager”), if they are not the same person, must attend and successfully complete our initial training program. We also do not charge you a fee for providing the initial onsite training in connection with the opening of your Franchised Business, but you must reimburse us for our travel and lodging costs and expenses in providing onsite training to you.
- (10) Business Licenses and Permits. These amounts reflect the estimates for business licenses and permits and will vary depending on local requirements.
- (11) Professional and Legal Fees. This estimate reflects fees paid to attorneys, accountants and other business advisors to establish your Franchised Business.
- (12) Insurance. The insurance estimate reflects insurance costs for a period of 3 months.
- (13) Additional Funds - 3 Months. This amount estimates the expenses you will incur during the first three months of Franchised Business operations, including fuel and mileage, payroll expenses, miscellaneous supplies, uniforms. These amounts are estimates, and we cannot guarantee that you will not incur additional expenses in starting your Franchised Business. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, local economic conditions, the local market for PureOne Services products and services, competition, the amount of the initial investment you decide to finance, and the sales level reached during the initial period.
- (14) Total. This total is an estimate of your pre-opening initial investment and the estimated expenses you likely will incur during the first three months of Franchised Business operations. The total is based on our founders’ experiences in operating the PureOne Services locations in California, Connecticut, Georgia, Minnesota, and Missouri. It also based on our sourcing estimates for other expenses, including inventory, computer system, and other items. You should review this amount carefully with a business advisor before deciding to purchase the franchise.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

To ensure a uniform image and uniform quality of products and services throughout the PureOne Services system, you must maintain and comply with our quality standards. We will provide you with our Manuals and various bulletins and notices that will contain these standards. As we determine trends in the marketplace or develop new marketing techniques, technologies, products and services, we anticipate that

we will develop and modify our standards as we consider appropriate and useful, and notify you through amendments to the Manuals, newsletters or other bulletins.

#### Location of your Franchised Business; Vehicle

You are permitted to operate your Franchised Business out of a home office when you commence operations, provided that you have a quiet and organize space, until you hit certain benchmarks (see Item 11 for more information). Once you achieve one of those benchmarks, then you will be required to rent or acquire a space for the Franchised Business. A warehouse may be permitted provided that it has sufficient storage space and adequate private areas to meet with staff for meetings, and you continue to conduct normal office tasks from your home office. See Item 11 for more information about the site selection requirements and deadlines.

Before opening the Franchised Business, you must obtain a truck or van that meets our standards and specifications as outlined in the Manuals. The vehicles that you use in operating your Franchised Business must meet our standards and specifications and be branded or wrapped as we require, as more fully described in the Manuals.

#### Equipment, Products & Signs

You will use in operating your Franchised Business only those types of approved or designated materials, supplies, equipment (including designated commercial and residential renovation equipment and computer hardware and software), vehicles and signs that we have approved as meeting our specifications and standards for appearance, function and performance. You may purchase these items from any supplier we approve or designate. We or one of our affiliates may be an approved supplier of one or more of these items.

You also agree to maintain the condition and appearance of the vehicle(s) you use in operating the Franchised Business, and repair or replace the vehicle(s) as we may require, including any rebranding or rewrapping the vehicle(s) consistent with our requirements. If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the vehicle(s) does not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency.

#### Computer Hardware and Software

You must purchase and use the Computer System we designate, including all existing or future communication or data storage systems, components thereof and associated service, which we have developed and/or selected for the System (the “Computer System”). The Computer System developed for use in your Franchised Business may include one or more proprietary software programs or applications developed for us (the “Proprietary Software”). See Item 11 for further information.

#### National Receptionist System

You must participate in our receptionist support center program (the “National Receptionist System”) where we, our affiliate, or our designated vendor will communicate with current and prospective customers on your behalf. You are required to pay our then-current fee for the National Receptionist System, which is currently \$200 for the first 90 days of operations, then \$400 per month after the first 90 days. We may cancel or modify the National Receptionist System at any time.

## Insurance

At a minimum, you must purchase and maintain for each Franchised Business you operate, at your expense, all insurance we require in the types and amounts described in the Manuals. Currently, these minimum requirements include the following: (a) general liability insurance in the amount of \$1 million per occurrence and \$2 million in the aggregate; (b) commercial auto insurance in the amount of \$1 million per occurrence; (c) umbrella liability insurance in the amount of \$1 million per occurrence and \$1 million in the aggregate; (d) pollution liability insurance in the amount of \$1 million per occurrence and \$1 million in the aggregate; (e) bailees liability insurance in the amount of \$250,000; (f) workers compensation liability in the amount of \$1 million per occurrence; and (g) all insurance required by law.

All insurance policies must: (1) be issued by an insurance carrier(s) acceptable to us; (2) will name us, our affiliates, directors, agents, and employees as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the minimum insurance coverage we designate for each Franchised Business that you operate; and (5) provide that we will receive 30 days' prior written notice of any material change in or termination, expiration or cancellation of any policy. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to maintain in effect any insurance coverage we require, or to provide satisfactory evidence of such coverage, we, at our option, may obtain insurance coverage for you and require you to pay us an administrative fee for doing so. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with copies of the certificate of insurance, insurance policy endorsements or other evidence of compliance with these requirements at least 2 weeks before you commence operating the Franchised Business premises, and at such other times as we may require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require.

We do not represent or warrant that any insurance that we require you to purchase will provide you with adequate coverage. You should consult with your own insurance agents, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require.

## Advertising and Promotional Approval

We may develop, and make available to you, local media planning assistance. If we do so, you must use our recommended media plan in promoting the Franchised Business or otherwise develop, and obtain our advance written approval for, an alternative media/promotion plan. In addition, you will use only our approved advertising and promotional materials in promoting the Business. We may require you to purchase some of the approved advertising and promotional materials for us or our affiliates, or require you to use our designated vendor for certain marketing activities, such as search engine optimization.

## Designated Suppliers; Supplier and Product Approval

In operating the Franchised Business, you will use only those types of materials, supplies, equipment, and signs that we have approved for PureOne Services businesses as meeting our then-current specifications and standards for appearance, function and performance. We will provide you with lists of approved brands, manufacturers, suppliers and distributors ("Approved Suppliers List") and approved products, equipment, vehicles, signs, supplies and other items necessary to operate your Franchised Business ("Approved Supplies List"). The lists specify the suppliers and the products and services which we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable. The Approved Suppliers List may include specific brands or types of vehicles,

supplies, equipment or other items that you may buy from approved suppliers, or if there is no approved supplier for the item, from an unapproved supplier provided that the items conform to the standards and specifications we designate for the System.

As of the issuance date of this disclosure document, we are the sole supplier of certain solutions, respirators, filters, vacuums, dehumidifiers, air movers and other equipment, privately-branded merchandise, various promotional items, for our National Receptionist System, and for managing your SEO and PPC advertising programs. Except as described here, neither we nor our affiliates are one of or the only approved supplier for any required goods or services. We, an affiliate, or a third-party vendor or supplier periodically may be one of or the only approved supplier for certain products, supplies, equipment, or other items.

If you want to use any unapproved material, supply, equipment, product or sign, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must submit to us, at our request, sufficient information, specifications and samples for us to determine whether the services, material, supply, equipment, product or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria. We will not provide you with a list of our criteria. We will notify you of our decision within 14 days following our receipt of all information requested. We reserve the right to charge an evaluation and/or testing fee in connection with this process. We may inspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier which fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or supply. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources.

We apply certain general criteria in approving a proposed supplier, including the supplier's quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, quickness to market with new items, financial stability, credit program for franchisees, success pricing, delivery terms, freight costs, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales and use of products and services).

### Miscellaneous

We may negotiate prices for numerous products for the benefit of the System, but not for any individual franchisee. There are not any purchasing or distribution cooperatives in the System. We attempt to receive volume discounts for the System.

During our last fiscal year, neither we nor our affiliates received any revenues from franchisees as the result of required purchases or leases from us or our affiliates.

We and our affiliates may derive revenue directly or in the form of rebates or other payments from suppliers, based on purchases made by our franchisee. Although we and our affiliates currently do not receive rebates or other payments from suppliers, we and our affiliates reserve the right to receive rebates or other payments in the future. These payments may range from less than 1% up to 15% or more of the total purchase price of those items.

One or more of our officers have an interest in us and our affiliates. No officer owns a material interest in any other supplier.

We estimate that the purchase or lease of products, equipment, software, signs, fixtures, furnishings, supplies, advertising and sales promotions materials and other items meeting our specifications will represent approximately 60% to 90% of the cost to develop the Franchised Business and 50% to 80% of the cost to operate your Franchised Business.

## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

| Obligation |                                                         | Section in Franchise Agreement            | Disclosure Document Item |
|------------|---------------------------------------------------------|-------------------------------------------|--------------------------|
| a.         | Site selection and acquisition/lease                    | Section 2                                 | Item 11                  |
| b.         | Pre-opening purchases/leases                            | Sections 4, 5 and 10                      | Items 7, 8 and 11        |
| c.         | Site development and other pre-opening requirements     | Sections 5 and 6                          | Items 5, 7, and 11       |
| d.         | Initial and ongoing training                            | Sections 2, 3, 6, and 15                  | Items 7 and 11           |
| e.         | Opening                                                 | Section 5                                 | Items 5 and 11           |
| f.         | Fees                                                    | Sections 2, 3, 4, 5, 6, 10, 11, 13 and 15 | Items 5, 6 and 7         |
| g.         | Compliance with standards and policies/operating manual | Sections 4, 5, and 10                     | Items 11 and 16          |
| h.         | Trademarks and proprietary information                  | Sections 1 and 7                          | Items 13 and 14          |
| i.         | Restrictions on products/services offered               | Sections 2, 5, 6, and 10                  | Items 8 and 16           |
| j.         | Warranty and customer service requirements              | Section 10                                | Item 11                  |
| k.         | Territorial development and sales quota                 | Section 2                                 | Item 12                  |
| l.         | Ongoing product/service purchases                       | Sections 5 and 10                         | Items 8 and 11           |
| m.         | Maintenance, appearance and remodeling requirements     | Sections 3, 5, and 10                     | Item 11                  |
| n.         | Insurance                                               | Section 10                                | Items 6, 7 and 8         |
| o.         | Advertising                                             | Sections 5 and 11                         | Items 6, 7 and 11        |
| p.         | Indemnification                                         | Sections 4 and 9                          | None                     |
| q.         | Owner's participation/management/staffing               | Section 10                                | Items 11 and 15          |
| r.         | Records/reports                                         | Section 12                                | Item 6                   |
| s.         | Inspections/audits                                      | Section 13                                | Item 6                   |
| t.         | Transfer                                                | Section 15                                | Items 6 and 17           |

| Obligation |                              | Section in Franchise Agreement | Disclosure Document Item |
|------------|------------------------------|--------------------------------|--------------------------|
| u.         | Renewal                      | Section 3                      | Items 6 and 17           |
| v.         | Post-termination obligations | Sections 9, 14 and 18          | Item 17                  |
| w.         | Non-competition covenants    | Section 14                     | Item 17                  |
| x.         | Dispute resolution           | Sections 19 and 20             | Item 17                  |

## ITEM 10

### FINANCING

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

## ITEM 11

### FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

#### Pre-Opening Obligations:

Before you open your Franchised Business, we will:

- (1) Approve your Operating Manager and Designated Owner (Franchise Agreement – Sections 1(C) and 1(G)).
- (2) Designate your Territory (Franchise Agreement – Section 2(A)).
- (3) Provide you with a list of our approved and designated supplies and suppliers (Franchise Agreement – Section 10(C)).
- (4) Provide the initial training programs described below (Franchise Agreement – Section 6(A)).
- (5) Provide to you access to the confidential Manuals. You must keep the Manuals confidential and discontinue using it when the Franchise Agreement terminates (Franchise Agreement – Section 6(F)).

#### Ongoing Obligations:

During the operation of your Franchised Business, we will:

- (1) Within the first 30 days of opening, and again within the first 6 months of operations, we will make a representative available to you to assist you in the opening of your Franchised Business (Franchise Agreement – Section 6(B)).
- (2) Operate the Designated Accounts program (Franchise Agreement – Section 2(D)).
- (3) Provide advisory services relating to Franchised Business operations, including the products and services offered for sale from the Franchised Business; selecting and

purchasing supplies, equipment and materials; employee relations; marketing assistance and sales promotion programs; and operating, administrative and general operating procedures. We will provide such guidance through our Manuals, bulletins or other written materials, telephone conversations and/or meetings at our office or at the Franchised Business (Franchise Agreement – Section 6(D)).

- (4) Periodically provide you with updated and revised materials for the Manuals (Franchise Agreement – Section 6(F)).
- (5) Administer the Brand Marketing Fund (Franchise Agreement – Section 11(A)).
- (6) Provide such additional assistance and training that we deem appropriate (Franchise Agreement – Sections 6(C) and 6(E)).
- (7) Operate the Designated Accounts program (Franchise Agreement – Section 2(D)).
- (8) For as long as we deem appropriate, we will provide you with the Receptionist System services (Franchise Agreement Section 10(L)).
- (9) Provide back office support, such as assisting you with invoicing and helping you with accounts receivables without charging you a fee (Franchise Agreement Section 6(D)).
- (10) Manage your search engine optimization (SEO) and/or pay per click (PPC) marketing programs on your behalf within your Territory (Franchise Agreement Section 11(B)).

#### Advertising Programs

We establish and conduct various advertising programs as follows:

We will establish and maintain a system marketing fund (the “Brand Marketing Fund”) to advertise and promote PureOne Services businesses and the System. You must contribute to the Brand Marketing Fund paying a Marketing Fee equal to 3% of your Gross Revenue. You will pay the Marketing Fee in the same manner and at the same time as the Royalty Fee. We and our affiliates will also contribute to the Brand Marketing Fund for each PureOne Services business that we or our affiliates operate in the United States at the same rate as a majority of PureOne Services franchisees must pay to the Brand Marketing Fund. We will place all Marketing Fees we receive in the Brand Marketing Fund and we will manage such Fund. Reasonable disbursements from the Brand Marketing Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including: market research; customer retention; incentive programs; sales development programs; media planning; media buying fees; creating and producing advertising materials; outside advertising agency fees for creating advertising programs; public relation activities; outside public relations agency fees; technology investments; website development and maintenance; digital marketing; search engine optimization; as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Brand Marketing Fund. Marketing Fees will not be used for advertising principally directed at the sale of franchises.

The Brand Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Brand Marketing Fund. We are not required to spend any particular amount on marketing, advertising or production in the area in which your Franchised Business is located. We cannot ensure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. We may spend in any fiscal year an amount greater or less than the aggregate



contributions of PureOne Services businesses to the Brand Marketing Fund in that year. We may make loans to the Brand Marketing Fund bearing reasonable interest to cover any deficit of the Brand Marketing Fund and cause the Brand Marketing Fund to invest in a surplus for future use by the Brand Marketing Fund. Any end-of-year surpluses or shortages in the Brand Marketing Fund in a given year will carry over to the next year. We will determine the methods of advertising, media employed, and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Brand Marketing Fund for the most recent calendar year.

In addition to the Marketing Fee, each month you must pay us our then-current Marketing Management Fee to manage both Search Engine Optimization (SEO) and Pay Per Click (PPC) advertising programs for your Franchised Business. The Marketing Management Fee does not cover any amounts that you must pay in connection with purchasing ad words, and you are responsible for purchasing any ad words directly from the third party PPC vendor, the cost of which will depend upon your territory size, market, number of words purchased, and other factors.

Except for the Marketing Management Fee, you are not required to spend any minimum amount of local advertising in your Territory.

Advertising and promotional activities are considered “approved” if they are included in our recommended media plan for the Franchised Business (if applicable) and otherwise comply with our marketing and advertising requirements in the Manuals, however, we may still require you to spend a certain amount on certain digital marketing activities. You may not market or advertise in any manner that directly target areas outside of your Territory without our prior written consent.

We do not have an advertising or advisory council composed of franchisees that advise us on advertising policies, but we reserve the right to form a council and the rights of that council in the future. As of the issuance date, we do not require you to participate in an advertising cooperative.

You will use only our approved advertising and promotional materials in promoting the Franchised Business. If you desire to use any advertising or promotional materials that we have not approved, then you must submit such materials to us for our review and written approval at least 10 days before using any such materials. If we do not approve those advertising or promotional materials within 7 days after you submit those materials to us, then the proposed materials will be deemed rejected. If we later determine that your advertising materials do not satisfy our then-current advertising and promotional standards, you must immediately cease using such materials upon written notice from us.

You will use your best efforts to promote and advertise the Franchised Business and will participate in all advertising and promotional programs we establish in the manner we direct. We may require you to purchase advertising templates and marketing materials from us or our affiliates, and we reserve the right to charge you a fee, plus any shipping expenses we incur. You will have the right to advertise and sell your services at the prices you determine, provided such prices are consistent with our general marketing and advertising guidelines.

### Computer System

You must purchase and use the computer system we designate, including all existing or future communication or data storage systems, components thereof and associated service, which we have developed and/or selected for the System (the “Computer System”). We periodically may update or change the Computer System in response to business, operations, marketing conditions, or changes in technology. Currently, we estimate that the initial cost of the Computer System will be approximately \$1,700 to \$2,500

depending upon whether you already own parts of the Computer System that meet our standards and specifications.

Currently, the Computer System includes an iPad or computer laptop, printer/scanner, smart phone, and such other hardware and software as we designate. The Computer System may include one or more proprietary or other software programs developed or customized for us (the “Proprietary Software”). You must purchase and use any required Proprietary Software from us or our designated third party supplier. The Proprietary Software will remain the confidential property of us or our third party supplier. You must enter into our or our designee’s standard form software license agreement in connection with your use of any Proprietary Software.

Currently, you must license from us our designated CRM software, Service Minder, and pay us a Start-Up Technology Fee equal to \$1,700 in connection with setting up your Franchised Business on the software and setting up your website. You are also required to purchase and use Quickbooks, which currently costs \$25 to \$150 per month depending upon the plan you purchase. We also require you to use Slack, but the ongoing costs is currently included in the Technology Fee. We currently do not require you to obtain or use Xactimate, however, if you obtain any projects through insurance companies or third-party administrators, they may require you to obtain and use Xactimate, which costs approximately \$2,500 per year.

You must have Internet access with a form of high-speed connection as we require. You will use an e-mail address we designate for communication with us. We have the right to designate a single source from which you must purchase the Computer System, any software or hardware components thereof or associated service, and we or our affiliates may be that single source. You will be required to use and, at our discretion, pay for all future updates, supplements and modifications to the Management System, including any additions or modifications to any Proprietary Software. We also may independently access financial information and customer data produced by or otherwise located on your Management System and Equipment Package (collectively the “Client Data”). During the term, we and you will have joint ownership of the Customer Data, although you will be responsible for obtaining all customer consents necessary to allow us to use the Customer Data for various purposes as we may identify. We will periodically establish policies respecting the Customer Data. You must comply with all laws and regulations relating to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You cannot use the Customer Data for any purpose other than the operation of the Franchised Business consistent with our standards of use. There are no contractual limitations on our right to access the information and data.

You may be required to obtain ongoing maintenance and repairs respecting the Computer System, as well as upgrades or updates respecting the Computer System, and there are no contractual limitations on our right to require you to maintain and repair the Computer System. You must incorporate these upgrades and updates to the Computer System, and we estimate they will cost between \$100 to \$500 per year.

### Site Selection

You may commence operating your Franchised Business from a home office, provided that you have a quiet and organized space. However, you must rent or acquire a site for the Franchised Business that meets our standards and requirement upon the earlier of: (i) 9 months from the date you sign the Franchise Agreement; or (ii) within 30 days of you generating at least \$150,000 in Gross Revenue. A warehouse may be permitted provided that it has sufficient storage space and adequate private areas to meet with staff for meetings, and you continue to conduct normal office tasks from your home office. We estimate that you will need approximately 800 to 2,000 square feet for storage space and private areas. You

are solely responsible for finding a site for your Franchised Business, and obtaining our written approval to the site, upon the earlier of either benchmark described above.

The location for the Franchised Business will be identified in Exhibit A to the Franchise Agreement. If you fail to obtain a site for your Franchised Business within the requisite time frame, then we may terminate the Franchise Agreement if you fail to cure such default.

### Development Time

The typical length of time between your signing of the Franchise Agreement (or the first payment of consideration for the franchise) and the opening of your Franchised Business varies from 30 days to 90 days. This period may be longer or shorter, depending on the time of year, availability of financing, how soon you can attend training, or other factors. You must complete development, attend the initial training, and open your Franchised Business within 90 days months following the date of the Franchise Agreement. If you do not open your Franchised Business within the 90-day month time period, we may terminate the Franchise Agreement.

### Training

Before the opening of your Franchised Business, your Designated Owner (and Operating Manager if they are not the same person) must attend and successfully complete, to our satisfaction, our initial training program on the operation of a Franchised Business. We will not charge a training fee for up to two individuals to attend the initial training program, provided that they all attend the same training session, but you are responsible for any costs incurred to attend. We plan to offer our initial training program as often as needed, and space may be limited based on the number of attendees. Depending on your level of experience, we may reduce the amount of training you must complete before you may open your Franchised Business.

If we determine that either the proposed Designated Owner or Operating Manager is not qualified to manage the Franchised Business, we will allow you to select a substitute Designated Owner or Operating Manager to complete the initial training program at an additional expense to you.

The initial prior to opening training program will take approximately one week of training at a location we designate. Additionally, there is one more week of training required prior to your opening that can be completed either online or in a classroom that we designate. The training program includes instruction relating to the Franchised Business operations, services offered, state and federal law compliance, customer service and marketing and sales programs and more.

The initial training program generally consists of two parts: (i) outside training provided by the Institute of Inspection Cleaning and Restoration (IICRC), Hazwoper, and any other third party we designate, and (ii) our in-house initial training program, as mentioned above. We chose IICRC training and certification because within the industry it is considered the “Gold Standard” for all mitigation, remediation, and restoration work. Hazwoper is mandatory within our field and includes safety, and bloodborne pathogen training. Other trainings that will be done "in-house" are sales, billing, serviceminder, equipment usage and other operational aspects. Portions of the initial training can be completed within 180 days of the opening of your Franchised Business.

## **TRAINING PROGRAM**

### **Prior to Opening**

| <b><u>Topic</u></b>                                          | <b><u>Hours Classroom Training</u></b> | <b><u>Hours of On the Job Training</u></b> | <b><u>Location</u></b>                                                              |
|--------------------------------------------------------------|----------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------|
| Sales Training                                               | 8                                      |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Operations and Administration<br>(including Human Resources) | 3                                      |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Marketing Training                                           | 3                                      |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Meth and Tear Gas Training                                   | 4                                      |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Crime Scene and Trauma Intro/Basics                          | 2                                      |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Hoarding Intro/Basics                                        | 1.5                                    |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Water Damage Restoration Intro/Basics                        | 2                                      |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Mold Remediation Intro/Basics                                | 2                                      |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Safety Training including OSHA                               | 1.5                                    |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Products and Equipment Orientation                           | 3                                      |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Estimating and Pricing                                       | 8                                      |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Accounting                                                   | 2                                      |                                            | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| Field Training                                               | 0                                      | 1-10*                                      | Headquarters in Cumming, GA<br>Training facility or any other location we designate |
| IICRC WRT – Water Damage Restoration                         | 24                                     |                                            | Online, or any other location company designates                                    |
| Lead                                                         | 8                                      |                                            | Online, or any other location company designates                                    |
| <b>TOTAL HOURS:</b>                                          | <b>72</b>                              | <b>1-10</b>                                |                                                                                     |

\*Depending upon schedule and availability

### Training to be Completed within 6 Months of Opening

| <u>Topic</u>                 | <u>Hours Classroom Training</u> | <u>Hours of On the Job Training</u> | <u>Location</u>                                  |
|------------------------------|---------------------------------|-------------------------------------|--------------------------------------------------|
| Bloodborne Pathogens         | 1                               |                                     | Online, or any other location company designates |
| IICRC AMRT -Mold Remediation | 32                              |                                     | Online, or any other location company designates |
| IICRC FSRT/OCT - Fire/Odor   | 24                              |                                     | Online, or any other location company designates |
| IICRC TCST – Trauma          | 16                              |                                     | Online, or any other location company designates |
| Hazwoper <sup>(1)</sup>      | 40                              |                                     | Online, or any other location company designates |
| <b>TOTAL HOURS:</b>          | <b>113</b>                      | <b>0</b>                            |                                                  |

*<sup>(1)</sup> Training to be completed within 6 months of opening or prior to accepting Bio/Trauma jobs.*

We may change any in-person training to virtual training at any time. In regards to the outside training, your Designated Owner (and Operating Manager if they are not the same person) must attend and successfully complete the Hazwoper and IICRC trainings. The outside training program fees currently cost approximately \$2,600 per person to attend, spread out over time.

The instructional materials for inside training programs include the Manual, handouts and visual aids, and will include lecture, classroom discussion, and/or hands-on demonstrations.

The main instructors for our initial inside training program include Todd Olson, Jerry Fisher, Patrick Apoian, and Sandra Apoian. Todd, who has been with us since our inception and has over 4 years' experience in the industry, will be the main instructor for sales marketing topics. Jerry, who has been with us since our inception and has over 4 years' experience in the industry, will be the main instructor for business development. Patrick, who has been with us since our inception and has over 4 years' experience in the industry, will be the main instruction for field operations. Sandra, who has been with us since our inception and has over 4 years' experience in the industry, will be the main instructor for office operations.

Additionally, we will provide an initial on-site training visit at an agreed upon time within the first 30 days of opening. We will also visit your Franchised Business again within the first 6 months of operations. We will not charge a training fee for our opening assistance or require you to reimburse us for our representative's costs and expenses in traveling and providing such training to you.

Upon your reasonable request, and subject to our availability, we may provide additional onsite assistance to you. If you request, and we provide, any additional on-site assistance, then we reserve the right to charge you our then-current training fee, which is currently \$800 per day, including costs and expenses, and require you to pay for our representative's travel, lodging and meals costs and expenses in connection with providing such on-site assistance.

After you open your Franchised Business, we may require that you (or if you are an entity, the Designated Owner and Operating Manager) and/or such other managers or employees we designate to attend, or when available, participate by Internet in, such supplemental and refresher training programs we designate. We reserve the right to charge you our then-current fee for additional and ongoing training in the future, which is currently \$800 per day of training, including costs and expenses. You are solely

responsible for all compensation, travel, lodging and living expenses that you and your designees incur while attending the initial training program and any supplemental or refresher training programs.

#### Conventions and Conferences

We periodically may hold or sponsor optional franchise conventions and meetings relating to new Services or Products, new operational procedures or programs, training, business management, sales and sales promotion, or similar topics. If we host any franchise conventions or meetings, you will not be required to pay any registration fees provided that you attend, but you will still be responsible for all of your and your attendees' travel and living expenses. We reserve the right to charge you our then-current fee if you fail to attend any franchise conventions or meeting, which is currently not collected.

#### Manuals

During the term of the Franchise Agreement, we will loan to you one copy of, or allow electronic access to, our Operations Manuals (the "Manuals"). There are currently 83 pages in the Manuals. The current table of contents of the Manuals, as of the Effective Date of this Disclosure Document, is attached as Exhibit G.

### **ITEM 12**

#### **TERRITORY**

You will receive either a Macro Territory or a Micro Territory when you sign the Franchise Agreement (each, a "Territory"). A "Macro Territory" means a Territory that includes a population of at least 500,000 individuals. A "Micro-Territory" means a Territory that includes a population of between 100,000 to 499,999 individuals. The actual size and boundaries of your Territory will depend upon a variety of factors, including the population base; density of population; growth trends of population; the density of residential and business entities; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas.

The location of the Franchised Business and the Territory will be identified in Exhibit A to the Franchise Agreement. You will need to obtain a site for the Franchised Business that has adequate storage space and meets our standards and specifications. The location of your Franchised Business must be within your Territory.

Maintenance of your Territory is not dependent upon achieving certain minimum performance requirements or other contingencies. During the term of the Franchise Agreement, we will not locate or franchise another the right to locate the physical location of another PureOne Services business inside the Territory, except as described below. Unless we otherwise expressly authorize in writing, the Marks licensed to you under this Agreement: (i) may not be used at any location other than the Franchised Business, and (ii) may be used in connection with a vehicle we authorize, provided the vehicle is only used inside the Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may not sell products or services identified by the Marks at any location other than at or from the Franchised Business or from a vehicle that we approve that is operated solely inside the Territory without obtaining our prior written consent. You may not solicit or accept orders from customers outside your Territory, and you do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside the Territory. Except as

expressly allowed in the Franchised Agreement, you must concentrate your advertising and marketing efforts within your Territory.

We (for ourselves and our affiliates) retain all rights not expressly granted to you in the Franchise Agreement, including the right:

1. to operate, or to grant other persons the right to operate, PureOne Services businesses at locations outside the Territory (except to the extent we may be restricted under a separate PureOne Services franchise agreement to which you are a party);
2. to service customers or offer products or services, or to grant other persons the right to service customers or offer products or services, located inside or outside the Territory under any trademarks except for the Marks;
3. to sell products, equipment, and other materials under the Marks or other trademarks through dissimilar channels of distribution (i.e., other than the operation of a PureOne Services business), including by electronic means such as the Internet and by websites we establish, or through retail locations within and outside the Territory;
4. to merge with, acquire, be acquired, or become associated with any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the Marks or other trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your Franchised Business, and which may be located anywhere inside or outside the Territory;
5. to provide services to, or to grant other persons the right to provide services to, Designated Accounts located inside or outside of your Territory as described further below; and
6. to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks.

We are not required to pay you any compensation if we exercise any of these rights.

In addition to the reserved rights outlined above, we or our affiliates have the right to sell and enter into agreements with Designated Accounts, both inside and outside the Territory. A “Designated Account” are those customers or accounts we designate as desiring central billing accounts or that have at least 5 locations, and such locations are located in more than one franchised or company-owned territory or market. You must participate in any regional or national accounts program (the “Designated Accounts Program”) we designate, and comply with the terms of the Designated Accounts Program as described in the Manuals or as we otherwise describe in writing. We will establish the rules under which you will participate, and be compensated for participation, in the Designated Accounts Program. We may terminate, modify or replace the Designated Accounts Program at any time. You will pay us our then-current fees (which are currently not collected) associated with the Designated Accounts Program; currently, this fee is not assessed. We have the right to service a Designated Account or grant a third party (including one or more PureOne Services franchisees) the right to service a Designated Account in your Territory for all of the following reasons: (i) you fail to timely notify us of your acceptance of the Designated Account business; (ii) you cannot or will not service the Designated Account business for any reason; (iii) you are in default of your Franchise Agreement; or (iv) the Designated Account objects to you providing the services.

If a Designated Account contacts you directly, you must refer the Designated Account to us within 3 days. We will negotiate all contracts with Designated Accounts and you will not have any right to negotiate any contract or provide services to the Designated Account without our express written consent.

You may not, unless in connection with other PureOne Services franchisees and with our consent, market or advertise in telephone or similar online directories that directly target areas outside of your Territory or establish a mailing address for your Franchised Business or make other representations to potential customers that would lead others to believe that you have facilities or authorization to operate outside the Territory. However, if neither we nor another franchisee operates in an area adjacent to your Territory, then upon your receipt of our prior written consent, you may advertise, market and/or service commercial or residential customers located outside of your Territory. In those instances, we reserve the right to require you, in the future, to cease all direct advertising and marketing efforts to those customers located outside your Territory, and we reserve the right to require you to purchase the area adjacent to your Territory in order to continue servicing that area upon written notice to you.

You may relocate your Franchised Business only with our written consent, which we will not unreasonably withhold provided that your new location satisfies our then-current requirements. If we permit you to relocate your Franchised Business, you will need to build out the Franchised Business consistent with our then-current standards for new Franchised Businesses.

You have no right of first refusal or similar rights to acquire additional franchises.

Neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the products and services authorized for sale at PureOne Services Franchised Businesses under any other trademark or service mark.

## ITEM 13

### TRADEMARKS

The Franchise Agreement grants you the right to operate your Franchised Business under the service mark PureOne Services as well as other Marks we or our affiliates may use and register in the future for the System.

The following schedule lists only the principal Marks that you are licensed to use, which we have filed for on the USPTO Principal registrar. We have filed all required affidavits and renewals for the Marks listed below.

| Trademark                                                                           | Registration / Application Dates | Registration / Application Number |
|-------------------------------------------------------------------------------------|----------------------------------|-----------------------------------|
|  | 6331378                          | April 27, 2021                    |

Our right to use and license others to use the Marks is exercised under a trademark license agreement (the “TM Agreement”) with Alliance Partners dated February 8, 2021. Under the TM Agreement, we are granted the right to use and to permit others to use the Marks. The TM Agreement has a 20-year term, with automatic 1-year renewal terms. If we were ever to lose our right to the Marks, Alliance Partners is required under the TM Agreement to allow our franchisees to maintain their rights to use the Marks in accordance with their franchise agreements. Also, the franchise agreements will be assigned to



Alliance Partners. Other than the TM Agreement, there are no agreements in effect which significantly limit our rights to use or license the Marks in any state in a manner material to PureOne Services franchises.

We have the right to periodically change the list of Marks. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or terminates. You are not permitted to make any changes or substitutions respecting the Marks unless we direct so in writing. You may not use any Marks or portion of any Marks as part of any corporate or any trade name, or any modified form or in the sale of any unauthorized product or service, or in any other unauthorized manner. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access our website. Except as we may authorize in writing, however, you will not: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any products or services on the Internet (or any other existing or future form of electronic communication); (3) create or register any Internet domain name in any connection with your Franchised Business; and (4) use any e-mail address which we have not authorized for use in operating the Franchised Business. You will not register, as Internet domain names, any of the Marks or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar. Further, you may not market, advertise or promote your Franchised Business or conduct any business on the Internet, including using social and professional networking sites to promote your Franchised Business, except as provided in our written social media policy (if any) or with our prior written approval. We will own and have administrative rights to any social and professional networking sites that you use in your Franchised Business.

There are currently no effective material determinations by the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks that are relevant to your use in any state. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise.

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, and we have sole discretion to take any action we deem appropriate. We are unaware of any infringing uses or superior rights that could materially affect your use of the Marks.

You may not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings. You must, however, within 24 hours of learning of any alleged claim or complaint, notify us of such claims or complaints made against you respecting the Marks and you must, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. Subject to our right of indemnification, we will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our legal counsel will have the right to control and conduct any litigation relating to the Marks. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense.

We reserve the right to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after we notify you.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents, pending patent applications or copyrights currently registered that are material to the franchise. We do claim copyright ownership and protection for the Manuals and for certain other written materials we provide to assist you in operating your Franchised Business.

We own certain proprietary or confidential information relating to the operation of Franchised Businesses, including information in the Manuals (“Confidential Information”). You will not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Franchised Business. Your use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. The Confidential Information is proprietary, is our trade secret, and is disclosed to you solely on the condition that you agree that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Franchised Business employees; and (5) will require all Operating Managers and other employees with access to Confidential Information to sign such an agreement in a form we approve. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Manuals at your cost. We may access Customer Data produced by or otherwise located on your Computer System. We periodically will establish policies respecting the use of the Customer Data.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

A Principal Owner (as defined below) who we have approved and has satisfactorily completed our initial training program and will represent you in interacting with us (“Designated Owner”) will oversee the Franchised Business operations.

You also must hire a manager who is responsible for the day-to-day operation of the Franchised Business, and who must successfully complete our initial training program to our satisfaction (“Operating Manager”). The Designated Owner and Operating Manager may be the same person. If the Franchisee is an entity, the Operating Manager is not required to be an owner or have an equity interest in you.

The Operating Manager assumes his/her responsibilities on a full-time basis and may not engage in any other business or other activity that requires any significant management responsibility, time commitments, or otherwise may conflict with his/her obligations. Unless you receive our prior written consent, the franchisee entity (or you if you sign the Franchise Agreement as an individual) may not engage in any business or activities other than the ownership and operation of Franchised Businesses under Franchise Agreements that we grant.

Each individual who owns a 10% or greater interest in the franchisee entity is considered a “Principal Owner” and must sign the Guaranty and Assumption of Obligations Agreement attached as Exhibit D to the Franchise Agreement. These people agree to discharge all obligations of the franchisee

entity to us under the Franchise Agreement and are bound by all of its provisions, including maintaining the confidentiality of Confidential Information described in Item 14 and complying with the non-compete covenants described in Item 17. In addition, all Operating Managers and other employees with access to Confidential Information or attend our initial training program, must sign a confidentiality and non-competition agreement substantially in the form attached as Exhibit E to the Franchise Agreement.

## ITEM 16

### RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Franchised Business all and only those products and services that we have approved, however, you have the option, but are not required, to purchase any of the properties that you perform services at. We may add new products or services that you must offer at your Franchised Business. Our right to modify the approved list of goods and services to be offered at a Franchised Business is not limited. You will immediately cease selling products, and offering or performing services, we no longer approve, and you agree to begin offering new or modified products and services within the time period(s) we describe in the Manuals.

## ITEM 17

### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

#### THE FRANCHISE RELATIONSHIP

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

| Provision |                                         | Section in Franchise or Other Agreement | Summary                                                                                                                                                                                                                                                                                                                                              |
|-----------|-----------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a.        | Length of the franchise term            | Section 3(A)                            | 10 years                                                                                                                                                                                                                                                                                                                                             |
| b.        | Renewal or extension of the term        | Section 3(B)                            | 1 additional term of 10 years                                                                                                                                                                                                                                                                                                                        |
| c.        | Requirements for you to renew or extend | Section 3(B)                            | Advance notice, compliance with Franchise Agreement and brand standards, Principal Owner satisfactorily completes refresher training, sign then-current form of franchise agreement (which may have materially different terms and conditions as the Franchise Agreement), pay fee, sign general release, upgrade/modernize the Franchised Business. |
| d.        | Termination by you                      | Section 17                              | If you comply with the Franchise Agreement, and we fail to cure a material provision within 60 days after written notice.                                                                                                                                                                                                                            |
| e.        | Termination by us without cause         | <i>Not Applicable</i>                   | <i>Not Applicable</i>                                                                                                                                                                                                                                                                                                                                |
| f.        | Termination by us with cause            | Sections 16                             | Only if you default.                                                                                                                                                                                                                                                                                                                                 |
| g.        | “Cause” defined – curable defaults      | Sections 16(C)                          | Except as described in (h) below or otherwise in the Franchise Agreement, you have 30 days to cure all other defaults and violations under the Franchise Agreement. You have 10 days to cure monetary breaches.                                                                                                                                      |

| Provision |                                                            | Section in Franchise or Other Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------|------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| h.        | “Cause” defined – non-curable defaults                     | Sections 16(A) and (B)                  | Bankruptcy; unauthorized transfer; failure to complete initial training and open on time; material misrepresentation or omission on franchise application; abandonment; being involved in an act that impairs the Marks; unauthorized use of a website; violating restrictive covenants; insufficient funds on multiple occasions; if you breach the Agreement three or more times in any 12-month period; and other violations.                                                                                                                                                                               |
| i.        | Your obligations on termination/nonrenewal                 | Section 18                              | Pay all amounts due us, stop using and return the Manuals and other materials, assign to us the Franchised Business telephone number and telephone listing or (at our option) disconnect the telephone number, cease using and assign to us all email addresses and social media accounts, remove all signs and other materials containing any Marks, cancel all fictitious or assumed name filings, and cease using and return to us all confidential information and customer data, do not divert Franchised Business customers to any competing business for 2 years (also see o, r below).                 |
| j.        | Assignment of contract by us                               | Section 15(A)                           | We may assign fully assign this agreement, and the assignee must fulfill our obligations under the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| k.        | “Transfer” by you-defined                                  | Section 15(C)                           | Includes transfer of Franchised Business or its assets, or your interest in agreement or an ownership interest of 25% or more change.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| l.        | Our approval of transfer by franchisee                     | Section 15(B), (C) and (D)              | We have the right to approve all transfers of the Franchise Agreement, but will not unreasonably withhold approval.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| m.        | Conditions for our approval of transfer                    | Section 15(C)                           | All amounts owed us, our affiliates and vendors are paid, transferee meets our qualifications for a new franchise, transferee signs our then-current franchise agreement (which may contain materially different terms from those in your franchise agreement), transferee completes required training, lease assigned (if applicable), pay transfer fee, complete any upgrades or modernization to bring the Franchised Business up to our then-current standards, you sign a non-compete agreement and general release, we approve material provisions of the purchase agreement between you and transferee. |
| n.        | Our right of first refusal to acquire your business        | Section 15(F)                           | We can match any offer for your business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| o.        | Our option to purchase your business                       | Section 18(B)                           | When the Franchise Agreement expires or terminates, we may purchase assets at the fair market value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| p.        | Your death or disability                                   | Section 15(D)                           | Franchise must be assigned by estate to an approved buyer within reasonable time not exceeding 12 months.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| q.        | Non-competition covenants during the term of the franchise | Section 14(B)                           | No involvement in any construction or commercial business that is competitive with a PureOne Services business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| Provision |                                                                        | Section in Franchise or Other Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------|------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| r.        | Non-competition covenants after the franchise is terminated or expires | Section 14(C)                           | No involvement in any construction or commercial business that is competitive with a PureOne Services business for two years within your Territory; from the Franchised Business premises; within 5 miles from the outside boundary of your Territory; or within the territory of another PureOne Services franchisee.                                                                      |
| s.        | Modification of the agreement                                          | 20(F)                                   | No modifications to the Franchise Agreement, except in writing. We may modify Manuals, Marks, System and goods/services to be offered to your Franchised Business.                                                                                                                                                                                                                          |
| t.        | Integration/merger clause                                              | Section 20(L)                           | Only the terms of the Franchise Agreement (including exhibits) and the Disclosure Acknowledgement Agreement are binding (subject to federal or state law). Any other promises may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.   |
| u.        | Dispute resolution by arbitration or mediation                         | Sections 19(A), (B)                     | Except for disputes over amounts owed or injunctive relieve, the parties must first submit any dispute to non-binding mediation before commencing arbitration.<br><br>Except for actions involving monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes will be subject to binding arbitration in Fulton County, Georgia (subject to state law). |
| v.        | Choice of forum                                                        | Section 20(D)                           | Litigation not subject to arbitration must be brought in a federal or state court located in Fulton County, Georgia (subject to state law).                                                                                                                                                                                                                                                 |
| w.        | Choice of law                                                          | Section 20(E)                           | The laws of the state of Georgia apply (subject to state law).                                                                                                                                                                                                                                                                                                                              |

## ITEM 18

### PUBLIC FIGURES

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

*[Remainder of Page Left Intentionally Blank]*

## 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.

This Item 19 presents data for the 6 PureOne Services businesses (each, a “Location”) during the months that each respective Location was open in the 2021 calendar year. Of the 6 Locations: (a) 4 Locations operated by our officers in Macro Territories (“Company-Owned Locations”); (b) 1 franchised Location operated in a Micro Territory; and (c) 1 franchised Location operated in a Macro Territory. The Locations are operated in a substantially similar manner to the Business offered in this Disclosure Document.

Please carefully read all of the information in this Item 19, and all of the notes following the charts, in conjunction with your review of the historical data. You should conduct an independent investigation of the costs and expenses you will incur in managing your Business.

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

#### Gross Revenue by Type of Project in 2021 Calendar Year

|                                              | Average     | Median   | Highest to Lowest | Number of Locations that Provide the Services | Number (and Percent) of Locations that Met or Exceeded Average |
|----------------------------------------------|-------------|----------|-------------------|-----------------------------------------------|----------------------------------------------------------------|
| Gross Revenue per Fire Damage project        | \$12,885.47 | \$18,478 | \$27,238 to \$650 | 4                                             | 2 out of 4 (or 50%)                                            |
| Gross Revenue per Water Damage project       | \$4,270.46  | \$2,952  | \$17,725 to \$150 | 5                                             | 4 out of 5 (or 80%)                                            |
| Gross Revenue per Hoarding project           | \$2,877.75  | \$2,605  | \$22,907 to \$118 | 5                                             | 4 out of 5 (or 80%)                                            |
| Gross Revenue per Mold Remediation project   | \$1,930.51  | \$1476   | \$20,913 to \$100 | 6                                             | 4 out of 6 (or 67%)                                            |
| Gross Revenue per Bio Hazard project         | \$2,302.68  | \$1461   | \$13,769 to \$150 | 6                                             | 2 out of 6 (or 33%)                                            |
| Gross Revenue per Viral Disinfection project | \$787.12    | \$650    | \$4,148 to \$50   | 5                                             | 3 out of 5 (or 60%)                                            |
| Gross Revenue per Build-Back projects        | \$3,770.71  | \$3837   | \$9,336 to \$900  | 2                                             | 1 out of 2 (or 50%)                                            |

Notes to Chart:

- The Locations represented above serviced a combined total number of 927 projects in the 2021 calendar year. The average number of projects per Location was 155, and the median number of projects per Location was 142.
- Not all Locations offer and sell services for each of the above referenced projects, but your Franchised Business will be permitted to offer and sell services for each of the projects included in the above chart. The scope and work performed for any individual project is the same regardless of whether the Location operates in a Macro Territory or a Micro Territory.
- “Gross Revenue” means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card or otherwise, made or provided at or in connection with the Location in the 2021 calendar year. “Gross Revenue” does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes that a Location paid or accrued. A sale occurs at the time the services are performed or the goods are sold.
- “Fire Damage projects” means offering and selling services and goods in connection with performing fire remediation projects.
- “Water Damage projects” means offering and selling services and goods in connection with performing water damage projects.
- “Hoarding projects” means offering and selling services and goods in connection with the cleanup and clean out of a property that is owned or leased by a hoarder. A hoarding situation occurs when a person has the compulsive need to keep objects, animals or trash.
- “Mold Remediation project” means offering and selling services and goods in connection with mold remediation projects.
- “Bio Hazard projects” means offering and selling services and goods in connection with the cleanup of bio hazardous materials, which includes, for example, the clean-up of blood or bodily fluids due to murder, death, suicide, unattended death, etc.
- “Viral Disinfection projects” means offering and selling services and goods in connection the disinfection of a home or business from viral diseases, including but not limited to COVID-19.
- “Build-Back projects” means offering and selling services and goods in connection with a project where, after remediation and restoration work is performed, floors and walls need to be replaced and/or patched.

The financial information we used in this Item 19 was provided to us from our affiliates or franchisee that operate their respective PureOne Services business.

Written substantiation of all financial performance information presented in this financial performance representation will be made available to you in our main office upon reasonable request.

Other than the preceding financial performance representations, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company owned or franchised outlets. We also do not authorize our employees or representatives to make

any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting the General Counsel at BAB Ventures Franchising, LLC, 5829 Clarion Street, Cumming, GA 30040, 470-239-3694, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

**TABLE NUMBER 1**  
**Systemwide Outlet Summary**  
**For Years 2019 to 2021**

| Outlet Type          | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|----------------------|------|----------------------------------|--------------------------------|------------|
| Franchised*          | 2019 | 0                                | 1                              | +1         |
|                      | 2020 | 1                                | 2                              | +1         |
|                      | 2021 | 2                                | 2                              | 0          |
| Company-Owned**      | 2019 | 0                                | 3                              | +3         |
|                      | 2020 | 3                                | 4                              | +1         |
|                      | 2021 | 4                                | 4                              | 0          |
| <b>Total Outlets</b> | 2019 | 0                                | 4                              | +4         |
|                      | 2020 | 4                                | 6                              | +2         |
|                      | 2021 | 6                                | 6                              | 0          |

\*These locations operate under royalty-free license arrangements with us or Alliance Partners.

\*\*For purposes of this Item 20, "Company-Owned" locations includes any locations owned and operated by our officers or directors.

**TABLE NUMBER 2**  
**Transfers of Franchised Outlets From Franchisee to New Owners (Other than the Franchisor)**  
**For Years 2019 to 2021**

| State        | Year | Number of Transfers |
|--------------|------|---------------------|
| <b>TOTAL</b> | 2019 | 0                   |
|              | 2020 | 0                   |
|              | 2021 | 0                   |



**TABLE NUMBER 3**  
**Status of Franchised Outlets**  
**For Years 2019 to 2021**

| State        | Year | Franchised Outlets at the Start of the Year | Franchised Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations / Other Reasons | Franchised Outlets at the End of the Year |
|--------------|------|---------------------------------------------|---------------------------|--------------|--------------|--------------------------|-----------------------------------|-------------------------------------------|
| Connecticut* | 2019 | 0                                           | 1                         | 0            | 0            | 0                        | 0                                 | 1                                         |
|              | 2020 | 1                                           | 0                         | 0            | 0            | 0                        | 0                                 | 1                                         |
|              | 2021 | 1                                           | 0                         | 0            | 0            | 0                        | 0                                 | 1                                         |
| Minnesota*   | 2019 | 0                                           | 0                         | 0            | 0            | 0                        | 0                                 | 0                                         |
|              | 2020 | 0                                           | 1                         | 0            | 0            | 0                        | 0                                 | 1                                         |
|              | 2021 | 1                                           | 0                         | 0            | 0            | 0                        | 0                                 | 1                                         |
| <b>TOTAL</b> | 2019 | 0                                           | 1                         | 0            | 0            | 0                        | 0                                 | 1                                         |
|              | 2020 | 1                                           | 1                         | 0            | 0            | 0                        | 0                                 | 2                                         |
|              | 2021 | 2                                           | 0                         | 0            | 0            | 0                        | 0                                 | 2                                         |

\*These locations operate under royalty-free license arrangements with us or Alliance Partners.

**TABLE NUMBER 4**  
**Status of Company-Owned Outlets**  
**For Years 2019 to 2021**

| State        | Year | Outlets at the Start of the Year | Outlets Opened | Outlets Reacquired From Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at the End of the Year |
|--------------|------|----------------------------------|----------------|-------------------------------------|----------------|-----------------------------|--------------------------------|
| California   | 2019 | 0                                | 0              | 0                                   | 0              | 0                           | 0                              |
|              | 2020 | 0                                | 1              | 0                                   | 0              | 0                           | 1                              |
|              | 2021 | 1                                | 0              | 0                                   | 0              | 0                           | 1                              |
| Georgia      | 2019 | 0                                | 1              | 0                                   | 0              | 0                           | 1                              |
|              | 2020 | 1                                | 0              | 0                                   | 0              | 0                           | 1                              |
|              | 2021 | 1                                | 0              | 0                                   | 0              | 0                           | 1                              |
| Minnesota    | 2019 | 0                                | 1              | 0                                   | 0              | 0                           | 1                              |
|              | 2020 | 1                                | 0              | 0                                   | 0              | 0                           | 1                              |
|              | 2021 | 1                                | 0              | 0                                   | 0              | 0                           | 1                              |
| Missouri     | 2019 | 0                                | 1              | 0                                   | 0              | 0                           | 1                              |
|              | 2020 | 1                                | 0              | 0                                   | 0              | 0                           | 1                              |
|              | 2021 | 1                                | 0              | 0                                   | 0              | 0                           | 1                              |
| <b>TOTAL</b> | 2019 | 0                                | 3              | 0                                   | 0              | 0                           | 3                              |
|              | 2020 | 3                                | 1              | 0                                   | 0              | 0                           | 4                              |
|              | 2021 | 4                                | 0              | 0                                   | 0              | 0                           | 4                              |

**TABLE NUMBER 5**  
**Projected Openings**  
**As of December 31, 2021**

| State        | Franchise Agreements Signed But Franchised Outlets Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|--------------|---------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|
| CA           | 0                                                             | 1                                                        | 0                                                           |
| FL           | 0                                                             | 2                                                        | 0                                                           |
| GA           | 0                                                             | 1                                                        | 0                                                           |
| IL           | 0                                                             | 2                                                        | 0                                                           |
| NC           | 0                                                             | 1                                                        | 0                                                           |
| SC           | 0                                                             | 1                                                        | 1                                                           |
| TX           | 0                                                             | 2                                                        | 0                                                           |
| <b>TOTAL</b> | <b>0</b>                                                      | <b>10</b>                                                | <b>1</b>                                                    |

The names, addresses and telephone numbers of current and former franchisees are included in Exhibit C. If you buy a PureOne Services franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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 a franchisee in our franchise system.

No independent franchisee association is required to be disclosed in this disclosure document.

## ITEM 21

### FINANCIAL STATEMENTS

Attached as Exhibit A are our audited financial statements for the reporting period ending December 31, 2021 and December 31, 2020. Our fiscal year end is December 31. Because we began franchising in 2021, and we have not been in business for three years or more years, we cannot include all the financial statements required by the FTC Rule.

## ITEM 22

### CONTRACTS

The Franchise Agreement (including exhibits) is attached as Exhibit B. The State Addenda are attached as Exhibit E. A general release form is attached as Exhibit F. The Disclosure Acknowledgment Agreement is attached as Exhibit H.

## ITEM 23

### RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document are attached as Exhibit I at the end of this disclosure document. You will keep one copy of the receipt for your files, and you will return the second copy to us.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**

**BAB VENTURES, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**BAB VENTURES, LLC**  
**TABLE OF CONTENTS**

---

|                                                     |                 |
|-----------------------------------------------------|-----------------|
| <b>Independent Auditor's Report</b>                 | <b>Page 1-2</b> |
| <b>Balance Sheets</b>                               | <b>Page 3</b>   |
| <b>Statements of Operations and Members' Equity</b> | <b>Page 4</b>   |
| <b>Statements of Cash Flows</b>                     | <b>Page 5</b>   |
| <b>Footnotes</b>                                    | <b>Page 6</b>   |

**AKIVA MANNE**  
**CERTIFIED PUBLIC ACCOUNTANT**  
905 HARRISON ST ALLENTOWN, PA 18103

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
Bab Ventures, LLC.**

**Opinion**

We have audited the financial statements of Bab Ventures, LLC, which comprises the balance sheets as of December 31, 2021, and 2020, and the related statements of operations, and changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bab Ventures, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bab Ventures, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BAB Ventures, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BAB Ventures, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Akiva Manne CPA  
Allentown PA  
April 5, 2022

**BAB VENTURES, LLC**  
**BALANCE SHEETS**

| <u>ASSETS</u>                                    |                      |                      |
|--------------------------------------------------|----------------------|----------------------|
|                                                  | <u>DECEMBER 31</u>   |                      |
|                                                  | <u>2021</u>          | <u>2020</u>          |
| <b>Current Assets</b>                            |                      |                      |
| Cash                                             | \$ 16,294            | \$ 24,131            |
| Accounts receivable                              | 8,565                | 985                  |
| <b>Total Current Assets</b>                      | <b>24,859</b>        | <b>25,116</b>        |
| <br><b>Security Deposits</b>                     | <br><b>4,350</b>     | <br><b>4,350</b>     |
| <br><b>Total Assets</b>                          | <br><b>\$ 29,209</b> | <br><b>\$ 29,466</b> |
| <br><u>LIABILITIES AND MEMBERS' EQUITY</u>       |                      |                      |
| <b>Current Liabilities</b>                       |                      |                      |
| Account payable and accrued expenses             | \$ 2,182             | \$ 2,485             |
| Loan payable                                     | —                    | 1,400                |
| <b>Total Current Liabilities</b>                 | <b>2,182</b>         | <b>3,885</b>         |
| <br><b>Members' Equity</b>                       | <br><b>27,027</b>    | <br><b>25,581</b>    |
| <br><b>Total Liabilities and Members' Equity</b> | <br><b>\$ 29,209</b> | <br><b>\$ 29,466</b> |

See notes to financial statements



**BAB VENTURES, LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY**

|                                          | <b>YEARS ENDED DECEMBER 31</b> |                             |
|------------------------------------------|--------------------------------|-----------------------------|
|                                          | <b>2021</b>                    | <b>2020</b>                 |
| <b>Revenues</b>                          |                                |                             |
| Marketing and technology fees            | \$ 79,498                      | \$ —                        |
| Other                                    | 418                            | —                           |
| Total Revenues                           | <u>79,916</u>                  | <u>—</u>                    |
| <br><b>Operating Expenses</b>            | <br><u>210,399</u>             | <br><u>20,419</u>           |
| <br><b>Net (Loss)</b>                    | <br>(130,483)                  | <br>(20,419)                |
| <br><b>Members' Equity - Beginning</b>   | <br>25,581                     | <br>—                       |
| <br><b>Members' Capital Contribution</b> | <br><u>131,929</u>             | <br><u>46,000</u>           |
| <br><b>Members' Equity - Ending</b>      | <br><u><u>\$ 27,027</u></u>    | <br><u><u>\$ 25,581</u></u> |

see notes to financial statements

**BAB VENTURES, LLC**  
**STATEMENT OF CASHFLOWS**

|                                                                                    | <b>YEARS ENDED DECEMBER 31</b> |                         |
|------------------------------------------------------------------------------------|--------------------------------|-------------------------|
|                                                                                    | <b>2021</b>                    | <b>2020</b>             |
| <b>Cash Flows from Operating Activities:</b>                                       |                                |                         |
| Net (Loss)                                                                         | \$ (130,483)                   | \$ (20,419)             |
| Adjustments to reconcile net (loss) to net cash<br>(used) by operating activities: |                                |                         |
| Changes in assets and liabilities                                                  |                                |                         |
| Accounts receivable                                                                | (7,580)                        | (985)                   |
| Security deposits                                                                  | —                              | (4,350)                 |
| Accounts payable and accrued expenses                                              | (303)                          | 2,485                   |
| Loan payable                                                                       | (1,400)                        | 1,400                   |
|                                                                                    | <u>(139,766)</u>               | <u>(21,869)</u>         |
| <b>Cash Flows from Investing Activities:</b>                                       |                                |                         |
| Members' Contributions                                                             | <u>131,929</u>                 | <u>46,000</u>           |
| <b>Net Increase (Decrease) in Cash</b>                                             | <b>(7,837)</b>                 | <b>24,131</b>           |
| <b>Cash - Beginning of year</b>                                                    | <b>24,131</b>                  | <b>—</b>                |
| <b>Cash - End of year</b>                                                          | <b><u>\$ 16,294</u></b>        | <b><u>\$ 24,131</u></b> |

See notes to financial statements

**BAB VENTURES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. THE COMPANY**

BAB Ventures, LLC is a Minnesota limited liability company formed in March 2020. The Company offers franchises which specialize in crime scene cleaning services, property restoration services, mold testing, reconstruction services, and related products and services under the PureOne Services marks and system.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a BAB Ventures, LLC franchise using the Company's system for a specified number of years.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents and franchisee accounts receivable. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

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

**Income Taxes**-The Company's entity was organized as a limited liability company. Accordingly, under the internal revenue code, all taxable income or loss flows through to its members. Therefore, no income tax expense or liability is recorded in the accompanying financial statements.

**3. REVENUE RECOGNITION**

The Company will record revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations will be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation will be amortized over the life of the related franchise agreements. Commission paid for franchises will be amortized over the life of the franchise agreement.

**4. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements through April 5, 2022, the date the financial statements were available to be issued.

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**PUREONE SERVICES®  
FRANCHISE AGREEMENT**

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FRANCHISEE

---

DATE OF AGREEMENT

## **TABLE OF CONTENTS**

| <b><u>Section</u></b> | <b><u>Description</u></b>                               | <b><u>Page</u></b> |
|-----------------------|---------------------------------------------------------|--------------------|
| 1.                    | DEFINITIONS .....                                       | 1                  |
| 2.                    | GRANT OF FRANCHISE .....                                | 2                  |
| 3.                    | TERM OF FRANCHISE; RENEWAL RIGHTS .....                 | 4                  |
| 4.                    | FRANCHISE FEES.....                                     | 5                  |
| 5.                    | DEVELOPMENT AND OPENING OF THE FRANCHISED BUSINESS..... | 7                  |
| 6.                    | TRAINING AND OPERATING ASSISTANCE .....                 | 9                  |
| 7.                    | MARKS.....                                              | 11                 |
| 8.                    | CONFIDENTIAL INFORMATION/IMPROVEMENTS .....             | 12                 |
| 9.                    | RELATIONSHIP OF THE PARTIES/INDEMNIFICATION .....       | 13                 |
| 10.                   | FRANCHISED BUSINESS IMAGE AND OPERATING STANDARDS ..... | 13                 |
| 11.                   | ADVERTISING .....                                       | 17                 |
| 12.                   | RECORDS AND REPORTS .....                               | 18                 |
| 13.                   | INSPECTION AND AUDITS.....                              | 19                 |
| 14.                   | COVENANTS.....                                          | 19                 |
| 15.                   | ASSIGNMENT .....                                        | 20                 |
| 16.                   | OUR TERMINATION RIGHTS.....                             | 23                 |
| 17.                   | YOUR TERMINATION RIGHTS.....                            | 24                 |
| 18.                   | YOUR OBLIGATIONS UPON TERMINATION .....                 | 25                 |
| 19.                   | DISPUTE RESOLUTION.....                                 | 26                 |
| 20.                   | ENFORCEMENT.....                                        | 28                 |
| 21.                   | NOTICES .....                                           | 29                 |
| 22.                   | ACKNOWLEDGEMENTS .....                                  | 30                 |

## **EXHIBITS**

A – FRANCHISED BUSINESS LOCATION AND PROTECTED TERRITORY

B – LEASE ADDENDUM

C – ELECTRONIC TRANSFER OF FUNDS FORM

D – GUARANTY AND ASSUMPTION OF OBLIGATIONS AGREEMENT

E – CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

## PUREONE SERVICES FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), between BAB Ventures Franchising, LLC, a Minnesota limited liability company, with a principal place of business at 5829 Clarion Street, Cumming, GA 30040 ("Company," "we" or "us"), and \_\_\_\_\_, a \_\_\_\_\_ formed and operating under the laws of the State of \_\_\_\_\_, ("you" or "Franchisee"). If more than one individual is named as "you" or "Franchisee," the obligations imposed upon each shall be joint and several.

### INTRODUCTION

A. We have developed a unique system for the development and operation of a business that offers crime scene cleaning services, as well as biohazard, disinfection, hoarding, and drug lab cleanup services, water, fire, and mold property restoration services, mold testing, reconstruction services, and related products and services under the Marks (defined in Section 1(G) below) and System (defined in Section 1(K) below).

B. We grant qualified persons the right to develop, own and operate a franchised PureOne Services business using the System within a designated territory.

C. You desire to obtain the right to develop and operate a franchised PureOne Services business using the System within a designated territory.

D. We have agreed to grant to you the right to develop and operate a franchised PureOne Services business subject to the terms and conditions of this Agreement.

### AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

#### 1. DEFINITIONS

A. "Competing Business" means any business that offers or sells any of the authorized services or products that are offered by PureOne Services businesses, or any other business that is competitive with or confusingly similar to a PureOne Services business.

B. "Confidential Information" means the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, systems, software, and knowledge of and experience in operating and franchising PureOne Services businesses that we communicate to you or that you otherwise acquire in operating the Franchised Business under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.

C. "Designated Account" means those customers or accounts we designate, in our sole and absolute discretion, as desiring central billing accounts, or that have at least 3 locations, and such locations are located in more than one franchised or company-owned territory or market.

D. "Designated Owner" means the Principal Owner we approved who will oversee the Franchised Business operations and represent you in interacting with us. The Designated Owner must successfully complete our initial training program and all mandatory follow-up training programs. The

Designated Owner is listed on Exhibit A. The Designated Owner and Operating Manager may be the same person.

E. “Franchised Business” means the franchised PureOne Services business you develop and operate under this Agreement, which offers crime scene cleaning services, as well as biohazard cleanup services, water, fire, and mold property restoration services, and any other related services we designate and require.

F. “Gross Revenue” means the aggregate amount of all sales of goods and services, whether for cash, by check, credit card or otherwise, made or provided at or in connection with the Franchised Business. “Gross Revenue” does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes that you pay or accrue. For the purposes of this Agreement, a sale occurs at the time the services are performed or the goods are sold. We have the right to adjust your Gross Revenue for uncollected amounts in the event that you are required to adjust an invoice or for any other reasons set forth in the Manuals or otherwise.

G. “Marks” means the PureOne Services trademarks and service marks, and other trademarks, service marks, domain names, logos and commercial symbols that we have designated, or may in the future designate, for use in the System.

H. “Operating Manager” means the designated individual responsible for the day-to-day operation of the Franchised Business. The Operating Manager must successfully complete our initial training program and all mandatory follow-up training programs. The Designated Owner and Operating Manager may be the same person.

I. “Principal Owner” means any person or entity who directly or indirectly owns a 10% or greater interest in you. If any Principal Owner is a corporation, limited liability company, trust, or other entity (other than a partnership), the Principal Owner will include any individual person that is a direct or indirect shareholder or owner that owns or holds 10% or more ownership interest in such entity. If any Principal Owner is a partnership, a Principal Owner will include each general partner of such partnership and, if such general partner is an entity, any individual person that is a direct or indirect person that owns or holds 10% or more ownership interest in such general partner.

J. “Protected Territory” means one or more protected territories identified in Exhibit A.

K. “System” means the PureOne Services system which includes providing crime scene cleaning services, as well as biohazard cleanup services, water, fire, and mold property restoration services, and other related services, that we may designate in the future under the Marks, using certain products, equipment, Confidential Information, business techniques, servicing techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve.

## 2. GRANT OF FRANCHISE

A. Grant of Franchise, Franchised Business Location and Protected Territory. Subject to the provisions contained in this Agreement, we grant you a franchise (the “Franchise”) to own and operate the Franchised Business and to use the Marks in operating the Franchised Business. The location of the Franchised Business and your Protected Territory are identified in Exhibit A. If you do not have an approved location for the Franchised Business at the time you execute this Agreement, then you must locate and lease or acquire premises for the Franchised Business within the Protected Territory, subject to our review and consent (as described in Section 5(A) below).



B. Nature of your Protected Territory.

1. During the Term (as defined in Section 3(A) below), and provided you are in compliance with this Agreement, we will not locate or permit a franchise to locate another PureOne Services business within the Protected Territory, except as permitted under this Agreement. The license granted to you under this Agreement is personal in nature. Unless we otherwise expressly authorize in writing, the Marks licensed to you under this Agreement: (i) may not be used at any location other than the Franchised Business, and (ii) may be used in connection with a vehicle we authorize, provided the vehicle is only used inside the Protected Territory. You may not sell products or services identified by the Marks at any location other than at or from the Franchised Business or from a vehicle that we approve that is operated solely inside the Protected Territory without obtaining our prior written consent. You may not offer or sell any products or services we do not approve. Except as expressly stated in this Agreement, you must concentrate your advertising and marketing efforts inside your Protected Territory. You will not have the right to subfranchise or sublicense any of your rights under this Agreement. You will not use the Franchised Business for any purposes other than the operation of a franchised PureOne Services business.

2. You may not, unless in connection with other PureOne Services franchisees and with our consent, market or advertise in telephone or similar online directories that directly target areas outside of your Protected Territory or establish a mailing address for your Franchised Business or make other representations to potential customers that would lead others to believe that you have facilities or authorization to operate outside the Protected Territory.

3. Except as outlined below or as it relates to Designated Accounts, there are no restrictions on the customers you may service, provided all sales and services must be provided to customers located inside your Protected Territory. If neither we nor another franchisee operates in an area adjacent to your Protected Territory, then upon your receipt of our prior written consent, you may advertise, market and/or service customers located outside of your Protected Territory. In such instances, we reserve the right to require you in the future to cease all direct advertising and marketing efforts to those customers located outside your Protected Territory.

C. Rights Reserved To Us. We (for ourselves and our affiliates) retain the right:

1. to operate, or to grant other persons the right to operate, PureOne Services businesses at locations outside the Protected Territory (except to the extent we may be restricted under a separate PureOne Services franchise agreement to which you are a party);

2. to service customers or offer products or services, or to grant other persons the right to service customers or offer products or services, located inside or outside the Protected Territory under any trademarks except for the Marks;

3. to sell products, equipment, and other materials under the Marks or other trademarks through dissimilar channels of distribution (i.e., other than the operation of an PureOne Services business), including by electronic means such as the Internet and by websites we establish, or through retail locations within and outside the Protected Territory;

4. to merge with, acquire, be acquired, or become associated with any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the Marks or other trademarks and may offer or sell products and services that are the same as or

similar to the products and services offered at or from your Franchised Business, and which may be located anywhere inside or outside the Protected Territory;

5. to provide services to, or to grant other persons the right to provide services to, Designated Accounts located inside or outside of your Protected Territory as described further below; and

6. to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks.

D. Designated Accounts.

1. In addition to the reserved rights outlined in Section 2(C) above, we or our affiliates have the right to sell and enter into agreements with Designated Accounts, both inside and outside the Protected Territory. You must participate in any regional or national accounts program (the “Designated Accounts Program”) we designate, and comply with the terms of the Designated Accounts Program as described in the Manuals or as we otherwise describe in writing. You understand that we will establish the rules under which you will participate, and be compensated for participation, in the Designated Accounts Program and that we may terminate, modify or replace the Designated Accounts Program at any time. You must pay us any then-current fees associated with the Designated Accounts Program. We have the right to service a Designated Account or grant third parties (including one or more other PureOne Services franchisees) the right to service a Designated Account in your Protected Territory for all of the following reasons: (i) you fail to timely notify us of your acceptance of the Designated Account business; (ii) you cannot or will not service the Designated Account business for any reason; (iii) you are in default of this Agreement; or (iv) the Designated Account objects to you providing the services.

2. If a Designated Account contacts you directly, you must refer the Designated Account to us within 3 days. We will negotiate all contracts with Designated Accounts and you will not have any right to negotiate any contract or provide services to the Designated Account without our express written consent.

3. TERM OF FRANCHISE; RENEWAL RIGHTS

A. Term. The term of this Agreement commences on the Effective Date and ends 10 years after the Effective Date (the “Term”).

B. Renewal. You will have the right to renew the Franchise for the Franchised Business for up to 1 additional term of 10 years, provided you meet the following conditions:

1. you have given us written notice of your intention to renew at least 180 days before the end of the then-existing term of this Agreement;

2. you have fully complied with all provisions of this Agreement, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures;

3. your Designated Owner, Operating Manager, and any other employees we designate completes, to our satisfaction, any new training and refresher programs as we may

reasonably require. You are responsible for all travel, living and compensation costs of attendees;

4. you have paid to us a fee equal to \$20,000 (“Renewal Fee”) at least 30 days before the then-existing term of this Agreement expires;

5. you sign our then-current form of PureOne Services franchise agreement, which terms and fees may be materially different from those contained in this Agreement, provided that you will be required to pay the Renewal Fee in lieu of the initial franchise fee stated in the then-current franchise agreement;

6. you and each Principal Owner sign a general release, in a form acceptable to us, of all claims against us and our affiliates, officers, directors, employees, and agents; and

7. you have upgraded and modernized your Franchised Business, including purchasing any new equipment, materials, and supplies we designate, to reflect our then-current requirements and standards.

#### 4. FRANCHISE FEES

A. Initial Franchise Fee. You will pay us an initial franchise fee (the “Initial Franchise Fee”) equal to the amount set forth on Exhibit A. The Initial Franchise Fee is payable when you sign this Agreement, is fully earned by us upon receipt, and is non-refundable.

B. Royalty Fee. Commencing on the Effective Date and continuing during the entire Term of this Agreement, you must pay us a non-refundable royalty fee on or before the 5th day of each month based upon the Gross Revenue that you generated in the immediately preceding calendar month (the “Royalty Fee”). The Royalty Fee is calculated as follows:

1. Primary Services. You must pay us the corresponding Royalty Fee on all Gross Revenue generated by your Franchised Business excluding all Gross Revenue generated from Reconstruction Services (as defined in Section 4(B)(2) below) (the “Primary Services”) in accordance with the following chart:

| <b>Cumulative Gross Revenue of Primary Services</b> | <b>Royalty Fee on Primary Services</b>    |
|-----------------------------------------------------|-------------------------------------------|
| \$0 to \$449,999                                    | 7% of Gross Revenue of Primary Services   |
| \$450,000 to \$749,999                              | 6% of Gross Revenue of Primary Services   |
| \$750,000 and above                                 | 4.5% of Gross Revenue of Primary Services |

The “Cumulative Gross Revenue of Primary Services” will reset to \$0 on January 1<sup>st</sup> of each calendar year.

2. Reconstruction Services. Additionally, you must also pay us a monthly Royalty Fee equal to 3% of all Gross Revenue that you generate from Reconstruction Services, regardless of whether you performed such Reconstruction Services or you subcontracted them. “Reconstruction Services” includes all types of construction work. In the event of a dispute as to

whether any services constitute Primary Services or Reconstruction Services, we will make the final determination in our sole discretion.

3. Minimum Royalty Fee. Commencing as of the 10<sup>th</sup> month of operations, and for each month during the Term of this Agreement thereafter, you must pay us the greater of: (i) the monthly Royalty Fee based upon your Gross Revenue generated in the immediately preceding calendar month; or (ii) \$1,000 per month. Except where otherwise stated, all references to “Royalty Fee” in this Agreement refer to the Royalty Fee on Primary Services plus the Royalty Fee on Reconstruction Services.

4. Gross Revenue Reports. In addition, on or before the 5<sup>th</sup> day of each calendar month, you shall provide to us a written signed report, in the manner and method prescribed by us, which details your Gross Revenues for the immediately preceding calendar month.

C. Technology Fee. We reserve the right to charge you a non-refundable then-current monthly technology fee (the “Technology Fee”). The Technology Fee may be used to develop, implement, and maintain certain technologies used in the Franchised Business, including website maintenance, text programs, and other technologies we determine are necessary for use in the Franchised Business. The Technology Fee is due and payable in the same manner, and at the same time, as the Royalty Fee. We may impose or change the Technology Fee upon written notice to you, and we will not increase the Technology Fee more than once in the same 12-month period.

D. Property Purchase Fee. If you purchase any property that you perform services on, then you must pay us property purchase fee equal to \$2,500 (“Property Purchase Fee”) instead of any Royalty Fees or other fees that you would have been required to pay us in connection with the services performed at the property.

E. Electronic Transfer of Funds. We will require you to sign electronic transfer of funds authorizations and other documents as we periodically designate, in the form attached as Exhibit C, to authorize your bank to transfer, either electronically or through some other method of payment we designate, directly to our account and to charge your account for all amounts you owe us. Your authorizations will permit us to designate the amount to be transferred from your account. You will maintain a balance in your account sufficient to allow us to collect the amounts owed to us when due. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein.

F. Interest; Late Fees. All Royalty Fees, Marketing Fees, Technology Fees, and other amounts which you owe to us or our affiliates will bear interest after the due date at the lesser of: (i) 18% per year; or (ii) the maximum contract rate of interest permitted by law in the state in which the Franchised Business is located. You will also be required to pay us a \$100 late fee each time you fail to pay any amount, or submit any report, owed to us by its respective due date.

G. Application of Payments. We may apply against amounts due to us or any of our affiliates any payments received from you or any indebtedness of us to you.

H. Withholding Payments Unlawful. You agree that you will not withhold payment of any Royalty Fees, Marketing Fees, Technology Fees, or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, Marketing Fees, Technology Fees, or any other amounts due.

I. Tax Indemnification. You will indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state in which the Franchised Business is located imposes, or may in the future impose, as a result of your operation of the Franchised Business or the license of any of our intangible property in the jurisdiction in which the Franchised Business is located. If more than one PureOne Services franchisee is located in such jurisdiction, they will share the liability equally. If applicable, this payment is in addition to the Royalty Fee payments described above.

## 5. DEVELOPMENT AND OPENING OF THE FRANCHISED BUSINESS

A. Site Selection; Lease for Business Premises. You may commence operating your Franchised Business from a home office, provided that you have a quiet and organized space. However, you must rent or acquire a site for the Franchised Business that meets our standards and specifications upon the earlier of: (i) 9 months from the date you sign the Franchise Agreement; or (ii) within 30 days of you generating at least \$150,000 in Gross Revenue. You are solely responsible for finding a site for your Franchised Business, and obtaining our written approval to the site, upon the earlier of either benchmark described in this Section 5(A). In addition, you and the landlord of the Franchised Business premises (“Landlord”) must sign a “Lease Addendum” in the form attached hereto as Exhibit B.

B. Your Development of the Franchised Business. Before you begin operating the Franchised Business, you will:

1. obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;
2. obtain all other licenses or certifications required by applicable law to operate the Franchised Business and to provide all required services in connection therewith;
3. obtain an opening inventory of all products, supplies and equipment, and such other products and materials we require for the Franchised Business;
4. purchase or lease a vehicle to carry supplies and equipment that meets our standards and specifications;
5. maintain our then current minimum working capital requirements;
6. obtain all signage that we require for the Franchised Business and vehicle you will use in connection with operating the Franchised Business; and
7. establish filing, accounting and inventory control systems complying with our requirements.

C. Vehicle. Before opening the Franchised Business, you must obtain a vehicle that meets our then-current standards and specifications. Some of the vehicles that you use in operating your Franchised Business, as described in the Manuals, must be approved by us, meet our standards and specifications, and be branded or wrapped as we require.

D. Equipment and Signs. Prior to opening, you must purchase from us the equipment package that we require and that we set forth in the Manuals (the “Equipment Package”). The contents and cost of the Equipment Package will depend upon the size of your Territory, and it is payable in one lump sum and is non-refundable under any circumstances. You will use in operating the Franchised Business only those

types of materials, supplies, equipment (including cleaning equipment and computer hardware and software), and signs that we have approved for PureOne Services businesses as meeting our specifications and standards for appearance, function and performance. You may purchase approved types of supplies, materials, equipment, and signs from any supplier we approve or designate (which may include us and/or our affiliates). If you propose to purchase any supplies, materials, equipment, or signs we have not then approved, or any items from any supplier we have not then approved, you must notify us in writing and provide to us (at our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the supplies, materials, equipment, vehicle or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria, which determination we will make and communicate in writing to you within a reasonable time (generally 14 days). We reserve the right to charge you our then-current evaluation fee to evaluate and analyze the requested suppliers, materials, equipment, or signs, and require you to reimburse us for our reasonable out of pocket costs and expenses that we incur in connection with our review of any alternate supplies or supplier you request.

E. Computer System. You must use in the Franchised Business the computer system we designate, including all existing or future communication or data storage systems, components thereof and associated service, which we have developed and/or selected for the System (the “Computer System”). The Computer System developed for use in your Franchised Business may include one or more proprietary software programs or applications developed for us (the “Proprietary Software”). You must use any Proprietary Software that we designate. The Proprietary Software will remain the confidential property of us or our third party supplier. You may be required to enter into our or a third party supplier’s standard form computer software access or license agreement in connection with your use of the Proprietary Software or other software we determine is necessary for the Franchised Business. Prior to opening, you will also have to pay us a start-up technology fee equal to \$1,700 in connection with setting you up to use our designated software and setting up your Franchised Business’ website. This start-up technology fee is payable in a lump sum and is not refundable under any circumstances. In addition, you must also pay any other then-current initial and ongoing license fee(s) imposed by us or any third-party licensor related to your use of any Proprietary Software or other required software. We reserve the right to assign our rights, title and interest in any Proprietary Software or any software license agreement to a third party we designate, or to replace the Proprietary Software. In such event, you may be required to enter into a separate computer software license agreement specified by us or the third party supplier of the Proprietary Software. You must upgrade or replace the Computer System or any component thereof, including the Proprietary Software, as we designate at your sole cost and expense. We may require you to make certain updates and modifications to the Computer System more frequently. We also may access financial information and customer data produced by or otherwise located on your Computer System (collectively the “Customer Data”). We periodically will establish policies respecting the use of the Customer Data. You will have at the Franchised Business, Internet access with a form of high-speed connection as we require, and a dedicated telephone line for the Franchised Business. You will use an e-mail address we designate or approve for communication with us and customers. The computer hardware component of the Computer System must comply with specifications we develop. We have the right to designate a single source from which you must purchase the Computer System, including the Proprietary Software, any other software or hardware components or associated services. You understand and agree that we or our affiliates may be that single, designated source. You will be required to use and, at our direction, pay for all future updates, supplements and modifications to the Computer System.

F. Franchised Business Opening. You will not open the Franchised Business for business without our prior written approval. You agree to complete the development and open the Franchised Business for business within 90 days of the Effective Date.

G. Relocation of Franchised Business. You will not relocate the Franchised Business from the approved site without our prior written consent. If you relocate the Franchised Business under this Section, the “new” franchised location of the Franchised Business, including the real estate and building,

must comply with all applicable provisions of this Agreement and with our then-current specifications and standards for PureOne Services businesses. We will not unreasonably withhold our consent to the proposed relocation, provided we have received at least 90 days written notice prior to the closing of the Franchised Business at the existing franchised location, you have obtained a site acceptable to us within the Protected Territory, you otherwise comply with any other conditions that we may require. If you must relocate the Franchised Business because the Franchised Business was destroyed, condemned or otherwise became untenable by fire, flood or other casualty, you must reopen the Franchised Business at the new franchised location in the Protected Territory within 90 days after you discontinue operation at the existing Franchised Business site.

## 6. TRAINING AND OPERATING ASSISTANCE

### A. Training.

1. Before the opening of your Franchised Business, your Designated Owner (and Operating Manager if they are not the same person) must attend and successfully complete, to our satisfaction, our initial training program on the operation of a Franchised Business, which consists of two components: (i) outside training provided by the Institute of Inspection Cleaning and Restoration (IICRC) and any other third party we designate, and (ii) our in-house training program. The first component that consists of IICRC and other training may be conducted at the time and manner offered by the designated company(ies), and you must pay the companies' then-current costs and fees in connection with receiving the required training. Our in-house training program will be provided at a place and time we designate. We will not charge a training fee for up to two individuals on Franchisee's behalf to attend our in-house training program, provided that they all attend our initial training program at the same time. If we require, or you request that we provide the initial training program to any additional individuals we reserve the right to charge you our then-current initial training fee. You are solely responsible for the compensation, travel, lodging and living expenses your Designated Owner, your Operating Manager, and your employees incur in attending both components of the initial training program and any supplemental or refresher training programs.

2. The initial training program will take approximately two to three weeks. The training program includes instruction relating to the Franchised Business operations, services offered, state and federal law compliance, customer service and marketing and sales programs. We may reduce the amount of training the Designated Owner (and, if applicable, the Operating Manager) must complete based on a number of factors, including the Designated Owner's and Operating Manager's prior experience. If, during the initial training program, we determine that the Designated Owner or Operating Manager is not qualified to manage the Franchised Business, we will notify you and you must select and enroll a substitute Designated Owner or Operating Manager in the initial training program. In addition, all new or substitute Designated Owners or Operating Managers must complete our designated initial training program. We may charge you a reasonable fee for those new or additional individuals who attend the initial training program.

### B. Onsite Assistance.

1. Within the first 30 days of opening your Franchised Business, we will provide you with the services of one of our representatives for up to 5 days to assist in the opening of the Franchised Business. One of our representatives will also visit your Franchised Business again within the first 6 months of the opening of your Franchised Business. We will also visit your Franchised Business. We will not charge a training fee for our opening assistance or require you to

reimburse us for our representative's costs and expenses in traveling and providing such training to you.

2. Upon your reasonable request, and subject to our availability, we may provide additional onsite assistance to you. If you request, and we provide, any additional on-site assistance, then we reserve the right to charge you our then-current training fee and require you to pay for our representative's travel, lodging and meals costs and expenses in connection with providing such on-site assistance.

C. Required Ongoing Training. We may require your Designated Owner, Operating Manager, and/or such other employees we designate to attend or, when available, participate by Internet in, such additional training that we designate. You are responsible for the compensation, travel, lodging and living expenses your Designated Owner, your Operating Manager and your employees incur in attending any required ongoing training. We reserve the right to charge a reasonable fee in connection with any ongoing training we offer.

D. Operating Assistance. As the owner of your Franchised Business, you are solely responsible for the day-to-day operation of your Franchised Business. We will, however, provide you with operational advice and assistance in operating the Franchised Business as we deem appropriate. Operating assistance may include advice regarding the following:

1. products and services authorized for sale at PureOne Services businesses;
2. marketing and sales promotion programs;
3. selecting and purchasing supplies, equipment and materials for the Franchised Business;
4. establishing and operating administrative, bookkeeping, accounting, inventory control, sales and general operating procedures to properly operate a PureOne Services business;
5. providing reports to you regarding your general performance and conformity with the System;
6. conducting on-site visits of the Franchised Business; and
7. providing back off-support, such as assisting you with invoicing and helping you manage accounts receivables.

We will provide such guidance through our Manuals, bulletins or other written materials, telephone conversations and/or meetings at our office or at the Franchised Business. We will also provide you with additional assistance or support as needed. We reserve the right to charge you a fee for such additional support or assistance.

E. Conventions and Meetings. We periodically may hold or sponsor optional franchise conventions and meetings relating to new services or products, new operational procedures or programs, training, business management, sales and sales promotion, or similar topics. If we host any franchise conventions or meetings, you will not be required to pay any registration fees provided that you attend, but you will still be responsible for all of your and your attendees' travel and living expenses. We reserve the right to charge you our then-current fee if you fail to attend any franchise conventions or meetings.



F. Manuals. We will provide on loan to you, during the Term of this Agreement, one manual copy or electronic (Internet) access to an operations manual and other handbooks, manuals and written materials (collectively, the “Manuals”) for PureOne Services businesses. The Manuals will contain mandatory and suggested specifications, standards and operating procedures that we develop for PureOne Services businesses and information relating to your other obligations. We may add to, and otherwise modify, the Manuals to reflect changes in authorized products and services, and specifications, standards and operating procedures of a PureOne Services business. The master copy of the Manuals that we maintain electronically or at our principal office and make available to you will control if there is a dispute involving the contents of the Manuals.

## 7. MARKS

A. Ownership and Goodwill of Marks. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the Term of this Agreement. You agree that your use of the Marks and any goodwill established exclusively benefits us, and that you receive no interest in any goodwill related to your use of the Marks or the System. You must not, at any time during the Term of this Agreement or after termination or expiration of this Agreement, contest or assist any other person in contesting the validity or ownership of any of the Marks.

B. Limitations on Your Use of Marks. You agree to use the Marks as the sole identification of the Franchised Business, but you must identify yourself as the independent owner in the manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, and you cannot use any Mark in selling any unauthorized product or service or in any other manner unless we have expressly authorized such use in writing. You agree to display the Marks prominently and in the manner we direct on all signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law.

C. Restrictions on Internet and Website Use. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access our website. Except as we may authorize in writing, however, you will not: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any products or services on the Internet (or any other existing or future form of electronic communication) except through a webpage that we approve; (3) create or register any Internet domain name in any connection with your Franchise; and (4) use any e-mail address which we have not authorized for use in operating the Franchised Business. You will not register, as Internet domain names, any of the Marks or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar. Further, you may not market, advertise or promote your Franchised Business or conduct any business on the Internet, including using social and professional networking sites to promote your Franchised Business, except as provided in our written social media policy (if any) or with our prior written approval.

D. Notification of Infringements and Claims. You must notify us in writing within 24 hours of learning of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

E. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, within 24 hours of learning of any alleged claim or complaint, notify us of such claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. Subject to our right of indemnification (as described in Section 9(B) below), we will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our legal counsel will have the right to control and conduct any litigation relating to the Marks.

F. Changes to Marks. You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after we notify you.

## 8. CONFIDENTIAL INFORMATION/IMPROVEMENTS

### A. Confidential Information.

1. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Franchised Business pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, is our trade secret, and is disclosed to you solely on the condition that you agree that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term of this Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Franchised Business employees; and (5) will require all Operating Managers and other employees with access to Confidential Information to sign such an agreement in a form we approve. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain Confidential Information in limited circumstances, as specified in the Manuals.

2. The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. Improvements. You must fully and promptly disclose to us all ideas, concepts, products, process methods, techniques, improvements, additions and Customer Data relating to the development and/or operation of PureOne Services business or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Franchised Business, or any advertising or promotion ideas related to the Franchised Business (collectively, the "Improvements") that you, the Principal Owners or your employees or agents conceive or develop during the term of this Agreement. You and your Principal Owners, agents and employees acknowledge and agree that: (1) all Customer Data is jointly owned during the term of this Agreement and becomes our property upon expiration or termination of this Agreement; and (2) any other Improvement immediately becomes our property. You and your Principal Owners, agents or employees must sign all documents necessary to

evidence the assignment of each Improvement to us without any additional compensation. We may use the Improvement and disclose and/or license the Improvement for use by others. You must not introduce any Improvement or any additions or modifications of or to the System into the Franchised Business without our prior written consent.

## 9. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. Relationship of the Parties. We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Franchised Business under a franchise agreement from us, and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as we require.

B. Your Indemnification Obligations. You shall, to the fullest extent permissible under applicable law, indemnify and hold us and our affiliates, and each of their respective officers, directors, employees, and agents harmless against any and all claims, obligations, and damages arising directly or indirectly from, as a result of, or in connection with this Agreement, the Franchised Business, your operation of the Franchised Business, the business conducted under this Agreement, your and your employees' actions and inaction, or your breach of this Agreement, including, without limitation, those alleged to be caused by our negligence or brought by you, as well as the costs, including attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses), of defending against them, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by our gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. In the event we incur any costs or expenses, including, without limitation, legal fees (including, but not limited to, attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses)), travel expenses, and other charges, in connection with any proceeding involving you in which we are not a party, you shall reimburse us for all such costs and expenses promptly upon presentation of invoices. We shall have the right to control any matter in which we are named or directly affected in such manner as we deem appropriate or desirable in our sole discretion. Such an undertaking by us shall, in no manner or form, diminish your and each of you Principal Owners' indemnification obligations under this Section 9(B).

C. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

## 10. FRANCHISED BUSINESS IMAGE AND OPERATING STANDARDS

### A. Condition of Franchised Business and Vehicle.

1. You agree to replace worn out or obsolete equipment, fixtures, furniture, or signs, repair the interior and exterior of the Franchised Business and periodically clean and redecorate the Franchised Business as we require. If at any time in our reasonable judgment, the general state of the fixtures, equipment, furniture or signs used in operating the Franchised Business do not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency.

2. You also agree to maintain the condition and appearance of the vehicle(s) you use in connection with operating the Franchised Business, and repair or replace the vehicle(s) as we

may require, including any rebranding of the vehicle consistent with our requirements. If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the vehicle does not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency.

B. Your Personnel. You shall comply with all applicable employment and wage and hour laws and regulations. You are solely responsible for all employment decisions and functions of the Franchised Business including, without limitation, those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, scheduling, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you receive advice from us on these subjects. You acknowledge and agree that all personnel decisions, including hiring, firing, disciplining, compensation, benefits, and scheduling, shall be made by you, without any influence or advice from us, and such decisions and actions shall not be, nor be deemed to be, a decision or action of ours. As the owner of your Franchised Business, you are solely responsible for the day-to-day operation of your Franchised Business, including all employment related matters and issues that may arise. You will implement a training program for Franchised Business employees in compliance with our requirements. You will maintain at all times a staff of trained employees sufficient to operate the Franchised Business in compliance with our standards and applicable law. Further, it is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason. If we incur any cost, loss, or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for such loss.

C. Products, Supplies and Materials. You agree that the Franchised Business will only offer for sale those products and services which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. We periodically may modify the lists of approved services, as described in the Manuals. You agree to immediately cease selling products, and offering or performing services, we no longer approve, and you agree to begin offering new or modified products and services within the time period(s) we describe in the Manuals. Certain products, supplies, equipment, and services must be purchased from suppliers we have approved (which may include us and/or our affiliates). You may be required to enter into a supply agreement with such suppliers. We periodically may modify the lists of approved products, supplies, equipment, brands and suppliers, and you will comply with such modified lists of approved products, supplies, equipment, brands and suppliers. If you propose to offer for sale any products or services which we have not approved, you must first notify us in writing and provide sufficient information, specifications and samples concerning the brand and/or supplier to permit us to determine whether the brand complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We will notify you within a reasonable time (generally within 14 days) whether or not the proposed product, brand and/or supplier is approved. We reserve the right to charge you our then-current evaluation fee to evaluate or analyze the requested brand or supplier, as we may require you to reimburse us for our reasonable out of pocket costs and expenses that we incur in connection with this process. We may develop procedures for the submission of requests for approved brands or suppliers and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We may impose limits on the number of suppliers and/or brands for any products and services to be used in the Franchised Business. You agree that certain products may only be available from one source, and we or our affiliates may be that source. You must, at all times, maintain an inventory of products sufficient in quantity and variety to realize the full potential of the Franchised Business or as we require or suggest in the Manuals. Neither we nor our affiliates, however, guaranty that product will be available from us or any third party supplier. **YOU ACKNOWLEDGE AND AGREE THAT WITH RESPECT TO ANY GOODS OR SERVICES SUPPLIED OR SOLD BY APPROVED SUPPLIERS OTHER THAN US OR OUR AFFILIATES, NOW AND IN THE FUTURE, WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE.**

D. Standards of Service. You must at all times give prompt, courteous and efficient service to your customers. You must, in all dealings with your customers, suppliers and the public, adhere to the highest standards of honesty, integrity and fair dealing.

E. Specifications, Standards and Procedures. While you are solely responsible for the day-to-day operation of your Franchised Business, you acknowledge that we will impose certain mandatory specifications, standards and operating procedures (whether contained in the Manuals or any other written communication to you) that must be met to protect the Marks, customer experience and other PureOne Services businesses. You agree to comply with all mandatory specifications, standards and operating procedures we impose, including:

1. type and quality of products and services offered through the Franchised Business;
2. quality and uniformity of service and sales of all products and services at the Franchised Business;
3. methods and procedures relating to marketing, dealing with customers and providing services;
4. the hours and days during which the Franchised Business is open for business as specified in the Manuals;
5. the safety, maintenance, cleanliness, function and appearance of the Franchised Business and its vehicles, equipment and signs;
6. the style, make and/or type of equipment (including computer equipment) used in operating the Franchised Business;
7. use of promotional or branded signs, posters, displays, standard formats and similar items;
8. Franchised Business advertising and promotion;
9. complying with all laws and regulations relating to privacy and data protection and complying with any and all privacy policies or data protection and breach response policies we periodically may establish; and
10. complying with all laws, regulations and certifications as we deem relevant.

F. Compliance with Laws and Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. You must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us in writing within 24 hours of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, injunction, or award of decree by any court, agency or other governmental instrumentality, that may adversely affect the operation or financial condition of you or the Franchised Business. You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions,

failures or attacks. You must notify us immediately of any suspected data breach at or in connection with the Franchised Business. You will not conduct any business or advertising practice which injures other PureOne Services businesses, the System or the goodwill associated with the Marks.

G. Management of the Franchised Business/Conflicting Interests. The Franchised Business must at all times be under the direct supervision of an Operating Manager who has completed our initial training program to our satisfaction. The Operating Manager must at all times faithfully, honestly and diligently perform your obligations and continuously use his/her best efforts to promote and enhance the business of the Franchised Business. In addition, the Operating Manager must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments or otherwise may conflict with your obligations.

H. Insurance. You agree to purchase and maintain in force, at your expense, all of the insurance coverage we require in the types and amounts described in the Manuals. All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us; (2) will name us and each of our affiliates, directors, agents, and employees as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the minimum insurance coverage that we designate in the Manuals or otherwise in writing for each PureOne Services franchised business that you operate, including this Franchised Business; and (5) provide that we will receive 30 days' prior written notice of any material change in or termination, expiration or cancellation of any policy. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur, together with an administrative fee equal to five percent (5%) of the insurance premium. You will provide us with copies of the certificate of insurance, insurance policy endorsements or other evidence of compliance with these requirements at least 2 weeks before you take possession and commence development of the Franchised Business premises, and at such other times as we may require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require. Your obligation to obtain and maintain these insurance policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 9. We do not represent or warrant that any insurance that you are required to purchase will provide you with adequate coverage. The insurance requirements specified in this Agreement are for our protection. You should consult with your own insurance agents, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require.

I. Participation in Internet Website. We require you to participate in a PureOne Services website listed on the Internet or other online communications and participate in any extranet system we designate. We will determine the content and use of a PureOne Services website and extranet system and will establish rules under which franchisees will participate. We will retain all rights relating to the PureOne Services website and extranet system and may alter or terminate the website or extranet system upon 30 days' notice to you. Your general conduct on the Internet and any extranet system we designate, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation in the Internet), will be subject to the provisions of this Agreement. You acknowledge that certain information obtained through your online participation in the website or extranet system is considered Confidential Information, including access codes and identification codes. Your right to participate in the PureOne Services website or extranet system or

otherwise use the Marks or the System on the Internet will terminate when this Agreement expires or terminates.

J. National Receptionist System. You must participate in a receptionist support center program (the “National Receptionist System”) as described in the Manuals. You must pay our then-current National Receptionist System fee, which is currently equal to \$200 for the first 90 days, and then \$400 each month after the first 90 days. You must pay this National Receptionist System fee at the same time and in the same manner that you pay Royalty Fees. We reserve the right to modify or cancel the National Receptionist System at any time. You must comply with all standards and instructions that we impose in connection with the National Receptionist System, including the timeliness of responding to customers, purchasing or upgrading necessary equipment to enable participation, and any other standards and instructions described in the Manuals. We reserve the right to exclude you from participation in the National Receptionist System if you fail to comply with any standards and/or instructions.

## 11. ADVERTISING

A. Marketing Fund. During the Term of this Agreement, we may require you to pay to us for deposit in a marketing and promotional fund (the “Brand Marketing Fund”) a monthly fee (the “Marketing Fee”) of up to 3% of your Gross Revenue generated in the immediately preceding calendar month. You will pay the Marketing Fee in the same manner and at the same time as the Royalty Fee. We will place all Marketing Fees we receive in the Brand Marketing Fund and we will manage such Brand Marketing Fund. We also will contribute to the Brand Marketing Fund for each PureOne Services business that we operate in the United States at the same rate as a majority of PureOne Services franchisees must pay to the Brand Marketing Fund. Reasonable disbursements from the Brand Marketing Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System; market research; customer retention; incentive programs; sales development programs; media planning; media buying fees; creating and producing advertising materials; outside advertising agency fees for creating advertising programs; public relation activities; outside public relations agency fees; technology investments; website development and maintenance; digital marketing; search engine optimization; as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Brand Marketing Fund. The Brand Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Brand Marketing Fund. We cannot ensure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of PureOne Services businesses to the Brand Marketing Fund in that year. We will determine the methods of advertising, media employed, and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Brand Marketing Fund for the most recent calendar year. Any end-of-year surpluses or shortages in the Brand Marketing Fund in a given year will carry over to the next year.

B. Local Advertising Requirements.

1. In addition to the Marketing Fee due under Section 11(A) above, we strongly recommend that you spend amounts on “approved” advertising and promotional activities within your Protected Territory. Upon our request, you will provide us with an accounting of the funds that you spent on local advertising during the immediately preceding calendar month, year, or any other period we reasonably request. For purposes of this Section, advertising and promotional activities are

“approved” if they are included in our recommended media plan for the Franchised Business (if applicable) and otherwise comply with Section 11(C) below.

2. You must pay us our then-current marketing management fee (“Marketing Management Fee”) for managing your search engine optimization (SEO) and pay per click (PPC) marketing programs on behalf of your Franchised Business. The Marketing Management Fee only covers the management of the SEO and PPC programs. The Marketing Management Fee does not include any other costs associated with conducting such marketing programs (for example, purchasing any ad words), and you are solely responsible for all such costs and expenses. We may increase the Marketing Management Fee upon 90 days’ notice to you.

C. Approved Advertising and Franchised Business Promotion Materials. You will use only our approved advertising and promotional materials approved by us in promoting the Franchised Business. If you desire to use any advertising or promotional materials in promoting the Franchised Business which we previously have not approved, it must be submitted to us and you must obtain written approval from us at least 10 days before using any such materials, which approval will not be unreasonably withheld. If we do not approve those advertising or promotional materials within 7 days after you submit those materials to us, then the proposed materials will be deemed rejected. We may revoke our approval of any previously-approved advertising materials upon notice to you, at which time you must immediately cease using such materials at your sole expense.

D. Participation in Certain Programs and Promotions. You will use your best efforts to promote and advertise the Franchised Business and will participate in all advertising and promotional programs we establish in the manner we direct. We may require you to purchase advertising templates and marketing materials from us or our affiliates, and we reserve the right to charge you a fee, plus any shipping expenses we incur. You will have the right to advertise and sell your services at the prices you determine, provided such prices are consistent with our general marketing and advertising guidelines.

## 12. RECORDS AND REPORTS

A. Accounting and Records. During the Term of this Agreement, you will, at your expense, maintain and retain for a minimum of 5 years from the date of their preparation, complete and accurate books, records and accounts (using such methods of bookkeeping and accounting as we may require) relating to the Franchised Business (the “Records”), in the form and manner we direct in the Manuals or otherwise in writing. The Records will include the following: (i) Gross Revenue Reports; (ii) monthly profit and loss statements, (iii) a monthly chart of accounts and income statements in a format we designate; (iv) all tax returns relating to the Franchised Business; and (v) such other records and information as we periodically may request. You will be permitted to preserve Records and submit reports electronically, consistent with our requirements. As noted in Section 5(C) of this Agreement, we may electronically access all financial information, Records and Customer Data located on your Computer System. We reserve the right to require you to work with a third-party accounting firm we designate if you fail to maintain the Records in the form we require.

B. Reports and Tax Returns. You will deliver to us, or provide us access to, the following: (1) within 15 days following the end of calendar month, monthly financial statements for the previous calendar month that include a complete profit and loss statement and a balance sheet, a chart of accounts, and an income statement; (2) within 30 days following your Franchised Business’ fiscal year end, an annual profit and loss statement and source and use of funds statement for the Franchised Business for the preceding calendar year and a balance sheet for the Franchised Business as of the end of the year, (3) at our request, profit and loss statements for the Franchised Business at such intervals as we periodically may require; (4) by May 1<sup>st</sup> of each year a copy of all federal, state, and local tax returns for the Franchised



Business for the preceding calendar year; and (5) at our request, all tax returns relating to each Principal Owner. If your or a Principal Owners' filing date is extended, a copy of extension request must be submitted to us within 15 days of its filing. You also will provide to us copies of all Records and other information and supporting documents as we designate. All financial statements, reports and information must be on forms we approve and that you have signed and verified.

### 13. INSPECTION AND AUDITS

A. Our Right to Inspect the Franchised Business. To determine whether you are complying with this Agreement, we may, during regular business hours, inspect the Franchised Business. You will fully cooperate with our representatives making any inspection and will permit our representatives to interview employees and customers of the Franchised Business.

B. Our Right to Examine Books and Records. We may, at all reasonable times and without prior notice to you, examine, audit, or request copies of the Records (including the books, records and state and/or federal income tax records of the Franchised Business) and the federal income tax returns of any Principal Owner. You must maintain all Records and supporting documents at all times at the Franchised Business premises. You will make financial and other information available at a location we reasonably request and will allow us (and our agents) full and free access to any such information at the Franchised Business or your corporate office. You must make copies of any Records we request and deliver those Records to us or our designee. You otherwise will fully cooperate with our representative and independent accountants hired to conduct any examination or audit.

C. Result of Audit; Unreported Gross Revenue. You must reimburse us for the cost of the audit or examination, including the charges of any independent accountants and the travel expenses, room and board and compensation of our employees, if: (1) an examination or audit is necessary because you failed to timely provide required information; or (2) any examination or audit results in a determination that Gross Revenue for any month is understated by more than 2%. The foregoing remedies are in addition to all other of our remedies and rights under applicable law.

### 14. COVENANTS

A. Non-Solicitation of Customers. You and each Principal Owner and their respective spouses will not, during the Term of this Agreement, and for a period of 2 years thereafter, directly or indirectly, divert or attempt to divert any business, account or customer of the Franchised Business or any other PureOne Services business or the System to any Competing Business.

B. Covenant Not to Compete During Term. You (and each Principal Owner) will not, during the term of this Agreement, directly or as an employee, agent, consultant, partner, officer, director, manager, member, or shareholder of any other person, firm, entity, partnership or business: (i) solicit or divert, or attempt to solicit or divert, any customers, or business of the Franchised Business to any Competing Business or perform any act that would damage the goodwill associated with the Marks or the System; or (ii) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any Competing Business (including any e-commerce or Internet-based business), except: (1) with our prior written consent; (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities; or (3) under a separate agreement between you and us.

C. Post-Term Covenant Not to Compete. You (and each Principal Owners) will not, for a period of 2 years after this Agreement expires or is terminated or the date on which you cease to operate the Franchised Business, whichever is later, directly or as an employee, agent, consultant, partner, officer,

director, manager, member or shareholder of any other person, firm, entity, partnership or corporation: (1) solicit or divert, or attempt to solicit or divert, any customers, or business of the Franchised Business to any Competing Business or perform any act that would damage the goodwill associated with the Marks or the System; (2) own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any Competing Business which is located in the former Territory of the Franchised Business; or (3) own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any Competing Business that is located within a 5-mile radius of any part of the former Territory of the Franchised Business or any other then-existing PureOne Services business territory, whether the then-existing business is owned by an PureOne Services franchisee, us, or our affiliate. This Section 14(C) will not apply to: (a) other PureOne Services businesses that you operate under PureOne Services franchise agreements; or (b) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities. You agree that the length of time in this Section 14(C) will be tolled for any period during which you are in breach of the covenants or we must seek to enforce your obligations in this Section.

D. Covenants from Individuals. In order to protect our legitimate business interests in and to the Confidential Information and trade secrets, each individual who attends our training program or has access to any Confidential Information or trade secrets shall be required to sign a confidentiality and non-competition agreement substantially in the form attached as Exhibit E to this Agreement. You shall be responsible for ensuring compliance with such agreements.

E. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section in that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section. The covenants stated in this Section will survive the termination or expiration of this Agreement.

## 15. ASSIGNMENT

A. By Us. This Agreement is fully assignable by us and benefits our successors and assigns. Any such assignment will require the assignee to fulfill our obligations under this Agreement.

B. Your Assignment to Corporation or Limited Liability Company. You (as an individual) may assign this Agreement to a corporation or a limited liability company that conducts no business other than the Franchised Business (or other PureOne Services business under franchise agreements with us), provided: (1) you or the Operating Manager actively manage the Franchised Business; (2) you own at least fifty-one percent (51%) of the ownership interest in the corporation or limited liability company and we approve all Principal Owners; (3) you and all Principal Owners of the assignee entity sign the Guaranty and Assumption of Obligations Agreement attached hereto as Exhibit D; (4) you provide us at least 15 days' prior written notice before the proposed date of assignment of this Agreement to the corporation or limited liability company; (5) you provide to us a certified copy of the articles of incorporation, bylaws, operating agreement, organizational documents, and a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the assignee entity; and (6) the organizational documents and all issued and outstanding stock or membership certificates will bear a legend, in form acceptable to us, reflecting or referring to the assignment restrictions stated in Section 15(C) below. You will not pay a transfer fee for an assignment under this Section 15(B).

C. Your Assignment or Sale of Substantially All of Your Assets. You understand that we have granted the Franchise under this Agreement in reliance on your individual or collective character, attitude, business ability and financial capacity. You and your Principal Owners will not transfer (whether

voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your business, the Franchised Business, substantially all or all of the assets of your business, this Agreement or any interest of 25% or more in you unless you obtain our prior written consent. We will not unreasonably withhold our consent to an assignment, provided you comply with any or all of the following conditions which we may deem necessary:

1. You have satisfied all of your accrued monetary obligations to us, our affiliates and your vendors, and you otherwise are in good standing under this Agreement;

2. The transferee-franchisee (or its Principal Owners) is approved by us and demonstrates to our satisfaction that he/she meets our managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, and has the aptitude and ability to conduct the Franchised Business. You understand that we may communicate directly with the transferee-franchisee during the transfer process to respond to inquiries, as well as to ensure that the transferee-franchisee meets our qualifications;

3. The transferee-franchisee enters into a written agreement, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations and covenants under this Agreement for the remainder of the Term or, at our option, signs our then-current standard form of franchise agreement (although such agreement may contain materially different terms than those provided in this Agreement);

4. The transferee-franchisee and Operating Manager (if applicable) successfully completes the initial training program required of new franchisees;

5. If required, the lessor of the Franchised Business premises consents to your assignment or sublease of the premises to the transferee-franchisee;

6. You or the transferee-franchisee at your expense make such reasonable capital expenditures necessary to replace and modernize the supplies, signs and equipment used in operating the Franchised Business so that your business meets our then-current standards and requirements;

7. You pay us an assignment fee equal to \$20,000 and you are responsible for any broker fees associated with any sale;

8. You (and each Principal Owner, if applicable) sign a general release, in form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;

9. We approve the material provisions of the assignment or sale of assets which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset; and

10. You (and each Principal Owner, if applicable) sign an agreement, in form and substance satisfactory to us, in which you and each Principal Owner covenants to observe the post-termination covenant not to compete and all other applicable post-termination obligations.

D. Your Death or Disability.

1. If you (or the Operating Manager) die or are permanently disabled, your executor, administrator or other personal representative, or the remaining Principal Owners, must appoint (if necessary) a competent Operating Manager within a reasonable time, not to exceed 30 days, from the date of death or permanent disability. The appointed Operating Manager must satisfactorily complete our designated training program. If you have been the designated Operating Manager and an approved Operating Manager is not appointed within 30 days after your death or permanent disability, we may, but are not required to, immediately appoint an Operating Manager to maintain Franchised Business operations on your behalf until an approved assignee can assume the management and operation of the Franchised Business. Our appointment of an Operating Manager does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses you incur in operating the Franchised Business or to any creditor of yours for any products, materials, supplies or services purchased by the Franchised Business while it is managed by our appointed manager. We may charge a reasonable fee for management services and may cease to provide management services at any time.

2. If you (or the Designated Owner) die or are permanently disabled, your executor, administrator, or other personal representative must transfer your interest within a reasonable time, not to exceed 12 months from the date of death or permanent disability, to a person we approve. Such transfers, including transfers by devise or inheritance, will be subject to conditions contained in Section 15(C) above, provided no transfer fee will be charged.

E. Public or Private Offerings. Subject to Section 15(C) above, if you (or any of your Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any of your affiliates, you agree to submit to us any written information we request before its inclusion in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we, in our discretion, object to any reference to us or any of our affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn. We assume no responsibility for the offering.

The prospectus or other literature utilized in any offering must contain the following language in boldface type on the first textual page:

**“NEITHER BAB VENTURES FRANCHISING, LLC NOR ANY OF ITS AFFILIATES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER BAB VENTURES FRANCHISING, LLC NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN. NEITHER BAB VENTURES FRANCHISING, LLC NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”**

F. Our Right of First Refusal. If you or your Principal Owners at any time during the Term of this Agreement desire to sell or assign for consideration the Franchise, the Franchised Business, an ownership interest representing (in the aggregate) 50% or more of the ownership in you or all or substantially all of your assets, you or your Principal Owners must obtain a bona fide, executed written

offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Principal Owners within 30 days following receipt of the proposed offer, to purchase the interest in the Franchised Business or your ownership interest for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of 60 days to prepare for closing. If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 15. If the sale to the proposed purchaser is not completed within 180 days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again have the right of first refusal.

G. Guaranty. All Principal Owners of you will sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit D (the “Guaranty Agreement”). Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of you under the provisions of this Section 15 or otherwise will, as a condition of becoming a Principal Owner, sign the Guaranty Agreement. You will furnish to us at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form we reasonably require, of all shareholders or members of record and all persons having a beneficial interest in any corporation or other entity that is or becomes a franchisee.

## 16. OUR TERMINATION RIGHTS

A. Automatic Termination. This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following defaults:

1. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchised Business;

2. If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Franchised Business without your consent, and the appointment is not vacated within 60 days; or

3. If you purport to sell, transfer or otherwise dispose of you or any interest in this Agreement or the Franchised Business in violation of Section 15 hereof.

B. Termination Upon Notice. We have the right to terminate this Agreement upon notice to you without providing you an opportunity to cure for any of the following breaches or defaults:

1. If you (or the Operating Manager) fail to satisfactorily complete the initial training program or fail to open and commence operations of the Franchised Business at such time as provided in this Agreement;

2. If you or any of your managers, directors, officers or any Principal Owner make a material misrepresentation or omission in the application for the Franchised Business;

3. If you or any of your managers, directors, officers or any Principal Owner are convicted of, or plead guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or the goodwill associated therewith, or if we reasonably believe that you have committed such a felony, crime or offense;

4. If you voluntarily or otherwise abandon the Franchised Business without our prior written consent. The term “abandon” means your failure to operate the Franchised Business during regular business hours for a period of 5 consecutive days without our prior written consent unless such failure is due to an event of “*force majeure*” as further described in Section 20(H) below;

5. If you are involved in any act or conduct which materially impairs or otherwise is prejudicial to the goodwill associated with the name PureOne Services or any of the Marks or the System, or otherwise violate any provision hereof pertaining to Marks or Confidential Information or misuse the Marks or Confidential Information;

6. If you develop or use an unapproved website in connection with the Franchised Business or otherwise conduct any unauthorized activity on the Internet in violation of Section 7(C) above;

7. If you fail to pay us, our affiliate(s), or any approved or designated supplier any amount that is due and owed to that party within 10 days of the date you receive written notice from us (or any other party that is owed money) of the outstanding amount that is due and owed;

8. If there are insufficient funds in your designated bank account to cover a check or EFT payment to us 3 or more times within any 12 month period;

9. If you (or any Principal Owner) violate any in-term restrictive covenant set forth in Section 14 of this Agreement, or any of the other restrictive covenants set forth in this Agreement;

10. If you fail, within 15 days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Franchised Business;

11. If you fail to comply with one or more material requirements of this Agreement on 3 separate occasions within any 12-month period (regardless if you cured such defaults); or

12. If the nature of your breach makes it not curable.

C. Termination upon Notice and 30 Days’ Notice to Cure. Except for those defaults set forth in Sections 16(A)-(B) of this Agreement, we may terminate this Agreement upon notice to you in the event you: (i) breach or violate any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including your failure to comply with any other term or condition of this Agreement, the Manuals, or any ancillary agreement between you and us (or our affiliate); and (ii) fails to cure such default(s) within 30 days after being provided with notice thereof.

D. Applicable Law. If the provisions of this Section 16 are inconsistent with applicable law, the applicable law will apply.

## 17. YOUR TERMINATION RIGHTS

You may terminate this Agreement if we violate any of our material obligations to you and fail to cure such violation within 60 days after our receipt of written notice from you; provided, however, that you are in substantial compliance with the Agreement at the time you give such notice of termination. Your written notice must identify the violation and demand that it be cured.

## 18. YOUR OBLIGATIONS UPON TERMINATION

A. Post-Term Duties. If this Agreement expires or is terminated for any reason other than a termination as a result of our breach, you will:

1. within 10 days after termination or expiration, pay all amounts due and owing to us or our affiliates, including all Royalty Fees, Marketing Fees and accrued interest due under this Agreement;
2. discontinue using, and return to us by first class prepaid United States mail any hard copies of, and delete all electronic copies of, the Manuals and any other manuals, advertising materials, and all other printed materials relating to the operation of the Franchise;
3. cease using and assign to us or, at our discretion, disconnect the telephone number for the Franchised Business. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks or used in connection with operating the Franchised Business, and you authorize us, and appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us;
4. cease using and assign to us all email addresses or social media accounts used in connection with the Franchised Business;
5. remove from the Franchised Business premises and from any vehicle used in operating the Franchised Business, all signs, posters, fixtures, decals, wall coverings and other materials that are distinctive of a Franchised Business or bear the name PureOne Services or other Marks or any name or mark substantially similar to any Mark;
6. discontinue using the Proprietary Software, including the return of all materials relating to the Proprietary Software, and provide us or our designee with full access to your Computer System hard drive to delete the Proprietary Software and related content;
7. take all necessary action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks;
8. immediately cease using Confidential Information and return to us all documents, including those documents in electronic format, that contain Confidential Information;
9. cease using and transfer to us all Customer Data; and
10. comply with all other applicable provisions of this Agreement, including the non-compete provisions.

Upon termination of this Franchise Agreement for any reason, your right to use the name PureOne Services and the other Marks and the System will immediately terminate and you (and the Principal Owners) will not in any way associate yourself/themselves as being associated with us. If you fail to remove all signs and other materials bearing all or any portion of the Marks, we may do so at your expense.

B. Our Option To Purchase Franchised Business.

1. If this Agreement expires or is terminated for any reason (other than our fault), we have the option, upon 60 days' written notice from the date of expiration or termination, to purchase

from you any or all the tangible and intangible assets relating to the Franchised Business, including the Franchised Business premises if you own the Franchised Business premises (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the “Purchased Assets”) and to an assignment of your lease for (1) the Franchised Business premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the Franchised Business. If the landlord respecting the lease for the Franchised Business premises is an affiliate of you (controlling, controlled by or under common control with you) we will have the right to assume the lease on terms generally consistent with then-current market rates for space in the immediate area surrounding the Franchised Business location. We may assign to a third party this option to purchase and assignment of leases separate and apart from the remainder of this Agreement. While we have the option to have the lease for the Franchised Business premises assigned to us, we do not have the obligation to take over the lease for the Franchised Business premises.

2. The purchase price for the Franchised Business will be the fair market value of the Purchased Assets; provided that: (1) we may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (2) we may exclude from fair market value any provision for goodwill or similar value attributable to intangible property (such as the Marks and Confidential Information). If the parties cannot agree on fair market value within a reasonable time, we will designate an independent appraiser to determine the fair market value of the Purchased Assets. The determination of such appraiser will be binding on the parties hereto, and the costs of such appraisal will be divided equally between you and us. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur within a reasonable time, not to exceed 60 days, after the fair market value is determined. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Franchised Business without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase the Franchised Business, we may, pending the closing, appoint a manager to maintain Franchised Business operations.

3. If we assume the lease for the Franchised Business under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interest and will pay in full all amounts due the lessor under the lease existing at or prior to assumption. We are not liable for any obligation you incur before the date we assume the lease.

C. Continuing Obligations. All obligations of us and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

## 19. DISPUTE RESOLUTION

A. Mediation. Except as otherwise stated in this Section 19(A), the parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation before bringing such claim, controversy or dispute to arbitration or to a court. The mediation will be conducted either through an individual mediator or a mediator appointed by a mediation services organization, experienced in the mediation of disputes between franchisors and franchisees, agreed upon by the parties. If the parties do not agree upon a mediator or mediation services organization within 15 days after either party has notified the other of its desire to seek mediation, the dispute will be mediated by the American Arbitration Association pursuant to its rules governing mediation in Fulton County, Georgia. The costs and expenses of mediation, including



compensation of the mediator, will be borne equally by the parties. If the parties cannot resolve the claim, controversy or dispute within 45 days after conferring with the mediator, either party may submit such claim, controversy or dispute to arbitration under Section 19(B) below. Either party may bring an action under the applicable provisions of this Section 19 without first submitting the action to mediation under this Section 19(A): (i) for monies owed, (ii) for injunctive relief, or (iii) involving the possession or disposition of, or other relief relating to, real property.

B. Arbitration. Except to the extent either party elects to enforce the provisions of this Agreement by injunction as provided in Section 19(C) below, all disputes, claims and controversies between the parties, whether arising under or in connection with this Agreement or the negotiation, making, performance, breach or interpretation thereof (including claims of fraud in the inducement and other claims of fraud in the arbitrability of any matter) that have not been settled by or are not otherwise subject to mediation as described in Section 19(A) above will be resolved by arbitration under the authority of the Federal Arbitration Act in Fulton County, Georgia. The proceedings will be conducted under the Commercial Arbitration Rules of the American Arbitration Association, or the rule of such other arbitration services organization as the parties otherwise may agree upon in writing, to the extent such rules are not inconsistent with the provisions of this arbitration provision. The arbitrator will have a minimum of 5 years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. The arbitration will be on an individual basis only and not consolidated with any other proceeding. The decision of the arbitrator will be final and binding on all parties; provided, however, the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance set by us. The binding or preclusive effect of any award will be limited to the actual dispute or claim arbitrated, and to the parties, and will have no collateral effect on any other dispute or claim of any kind. This Section 19 will survive termination or nonrenewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. During any arbitration proceeding, we and you will fully perform our respective obligations under this Agreement.

C. Injunctive Relief. Notwithstanding Sections 19(A) and 19(B) above, you recognize that a single franchisee's failure to comply with the terms of this Agreement could cause irreparable damage to us and/or to some or all other PureOne Services franchisees. Therefore, if you breach or threaten to breach any of the terms of this Agreement, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators.

D. Attorneys' Fees. The non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees, the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

E. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or your Franchised Business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement; provided that where the one year limitation of time is prohibited or invalid under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

## 20. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination or non-renewal of this Agreement than is required, or the taking of some other action not required, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach. In addition, acceptance by us of any payments or partial payments due to us under this Agreement shall not be deemed a waiver by us of any preceding or succeeding breach by you of any terms, provisions, covenants, or conditions of this Agreement, or other amounts due.

C. Rights of Parties are Cumulative. The rights that we and you have are cumulative and no exercise or enforcement by either party of any right or remedy precludes such party from exercising or enforcing any other right or remedy to which such party is entitled by law or equity to enforce.

D. Venue. Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above, will be brought in the federal or state court located in Fulton County, Georgia. We and you irrevocably consent to the jurisdiction of such courts. The provisions of this Section 20(D) will survive the termination of this Agreement.

E. Governing Law. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act respecting Section 19 above, all claims arising out of or relating to this Agreement and/or the parties' relationship will be governed by, and will be interpreted in accordance with, the procedural and substantive laws of the State of Georgia, irrespective of any conflict of laws. The parties agree that any state law or regulation applicable to the offer or sale of franchises, business opportunities, or the franchise relationship, will not apply unless the jurisdictional provisions are independently met. You waive, to the fullest extent permitted by law, the rights and protections provided by such laws or regulations.

F. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

G. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making

our decision or exercising our rights. A decision or action by us will be deemed to be the result of “reasonable business judgment,” even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other of our individual interests. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

**H. WAIVER OF PUNITIVE DAMAGES. YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN US, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.**

**I. WAIVER OF JURY TRIAL. YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

J. Force Majeure. If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, pandemics, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

K. Notice of Our Potential Profit. We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in the Franchised Business on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights licensed to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

L. Entire Agreement. The “Introduction” section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we provided to you.

## 21. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be delivered by hand, sent by a recognized overnight delivery service or by registered U.S. Mail, or by other means which provides the sender with evidence of delivery, or of rejected delivery, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party. Any notice by a means which provides the sender with evidence of delivery, or rejected delivery, will be deemed to have been given at the date and time of receipt or rejected delivery.

## 22. ACKNOWLEDGEMENTS

A. Success of Franchised Business. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Operating Manager's) ability as an independent businessman, and your (or the Operating Manager's) active participation in the daily affairs of the Franchised Business as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture.

B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, volume, potential earnings or profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce you to accept this franchise and sign this Agreement.

C. Receipt of Documents. You represent and acknowledge that you have received our Franchise Disclosure Document at least 14 calendar days before the date of the execution of this Agreement. In addition, you represent and acknowledge that you received from us a copy of this Agreement with all material blanks filled in at least 7 calendar days before the date of execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound.

D. Other Franchises. You acknowledge that our other franchisees of the Company have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

*[Signatures Appear on Following Page]*

The parties have signed this Agreement on the date stated in the first paragraph.

**WE:**

BAB VENTURES FRANCHISING, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**YOU:**

\_\_\_\_\_  
Name of corporation or limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT A  
TO FRANCHISE AGREEMENT**

**FRANCHISED BUSINESS LOCATION AND PROTECTED TERRITORY**

## EXHIBIT A

### FRANCHISED BUSINESS LOCATION, PROTECTED TERRITORY AND INITIAL FRANCHISE FEE

This Exhibit is attached to and is an integral part of the PureOne Services Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”), between us and you.

1. Franchised Business Location. The Franchised Business will be located at the following premises: \_\_\_\_\_.

If the premises for the Franchised Business has not been designated as of the Effective Date, we will update this Exhibit A to include the address for the Franchised Business premises once determined.

2. Protected Territory. The Protected Territory consists of the following geographic area(s):  
\_\_\_\_\_  
\_\_\_\_\_

3. Designated Owner. The Designated Owner is: \_\_\_\_\_.

4. Initial Franchise Fee. The initial franchise fee described in Section 4(A) of the Franchise Agreement is equal to \$\_\_\_\_.

5. Defined Terms. All capitalized terms contained in this Exhibit A and not defined herein will have the same meaning as provided in the Franchise Agreement.

**WE:**

BAB VENTURES FRANCHISING, LLC

By:\_\_\_\_\_

Name:\_\_\_\_\_

Its:\_\_\_\_\_

**YOU:**

\_\_\_\_\_  
Name of corporation or limited liability company

By:\_\_\_\_\_

Name:\_\_\_\_\_

Its:\_\_\_\_\_

**EXHIBIT B**  
**TO FRANCHISE AGREEMENT**  
**ELECTRONIC TRANSFER OF FUNDS FORM**

## EXHIBIT B TO FRANCHISE AGREEMENT

### LEASE ADDENDUM

This Lease Addendum is entered into as of the date of the Lease Agreement by and between \_\_\_\_\_ (“Landlord”) and \_\_\_\_\_ (“Tenant”).

Landlord and Tenant are parties to that certain Lease of even date (the “Lease”) covering the premises located at \_\_\_\_\_ (the “Leased Premises”), which Tenant will use to operate a PureOne Services® business under a Franchise Agreement (the “Franchise Agreement”) between Tenant and BAB Ventures Franchising, LLC (“Franchisor”). Landlord and Tenant desire to amend the Lease to protect the various interests of Franchisor.

In consideration of the foregoing and the promises contained in the Lease, the parties agree as follows:

1. Permitted Use. Landlord and Tenant agree that so long as the Franchise Agreement remains in effect, Tenant may use the Leased Premises only for a PureOne Services business and Tenant may offer for sale and sell at the Leased Premises only those services and products which Franchisor approves. Landlord further agrees that so long as the Lease is in effect, it will not permit any tenant within the same multi-tenant mall or building to operate any a business that offers crime scene cleaning services, as well as biohazard, hoarding, and drug lab cleanup services, water, fire, and mold property restoration services, and related products and services, or any other business that is competitive with a PureOne Services business, other than businesses in existence in the mall or building as of the effective date of the Lease or upon the written consent of Franchisor and Tenant.

2. Notice of Default. Landlord will provide Franchisor, by certified US mail or a recognized overnight delivery service at the address provided in Section 8, a minimum thirty (30) day notice of any default under the Lease before Landlord initiates any action to terminate the Lease or exercise any remedy for such default.

3. Cure. Either Tenant or Franchisor may cure defaults under the Lease and Landlord will accept performance of obligations due under the Lease, as specified in the Lease, by either Franchisor or Tenant. Franchisor will not, however, be under any obligation to cure any default and nothing herein will require Franchisor at any time to comply with or take any action under the provisions of the Lease.

4. Rights of Franchisor After Cure. If Franchisor commences cure of any default under the Lease within the thirty (30) day notice period described in Section 2, and if Franchisor thereafter diligently completes such cure, Franchisor may, but will not be obligated to, give notice to Landlord and become Tenant under the Lease, in which event Landlord will not be entitled to terminate the Lease.

5. Assignment and Renewal. Landlord consents to an assignment or transfer of Tenant’s rights under the Lease to Franchisor at any time during the term of the Lease; provided that such assignment or transfer is subject to Franchisor’s written agreement to accept such assignment or transfer. Landlord will give Franchisor notice of expiration of the term of the Lease at least three (3) months in advance thereof and grant Franchisor the right, but not the obligation, to exercise any then-existing renewal rights under the Lease.



6. Right of Entry and Subordination. Landlord will give Franchisor access to the Leased Premises at reasonable times on not less than twenty-four (24) hours' notice (or such shorter notice as may be reasonable when circumstances dictate) either to inspect the Leased Premises for compliance with Franchisor's requirements, to remove from the Leased Premises any items bearing Franchisor's marks or logos or to take other action permissible under the Agreements between Tenant and Franchisor. Landlord specifically subordinates any lien it may have in such items to Franchisor's rights as licensor of the marks or logos displayed on items.

7. Vacating Premises. Upon vacating the Leased Premises, or termination of the Franchise Agreement or Lease (whichever occurs first), Tenant must remove all signs and materials bearing any of Franchisor's marks or logos.

8. Notices. Any notices to Franchisor hereunder will be sent to:

BAB Ventures Franchising, LLC  
5829 Clarion St.  
Cumming, GA 30040

9. Benefit. Landlord and Tenant acknowledge that they enter into this Agreement for the express benefit of Franchisor and that Franchisor is an intended beneficiary hereof.

10. Supremacy. This Addendum shall control and supersede any inconsistent provision of the Lease.

The parties have signed this Agreement the day and year first above written.

LANDLORD:

\_\_\_\_\_

TENANT:

\_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_

## EXHIBIT C TO FRANCHISE AGREEMENT

### ACH AUTHORIZATION

Date: \_\_\_\_\_, 20\_\_\_\_

I, the undersigned officer of \_\_\_\_\_ (“Franchisee”), hereby authorize BAB Ventures Franchising, LLC to withdraw or deposit funds, utilizing the following account, by ACH draft or electronic debit for payment or receipt of funds relating to Royalty Fees, Marketing Fees, Technology Fees, system marketing fees, contributions or payment of goods or services. If Franchisee has not established an account for ACH/debit payments as of the execution date of the Franchise Agreement, Franchisee agrees to provide to BAB Ventures Franchising, LLC the missing information before commencement of the initial training program.

Name on the Account: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Bank Routing Number: \_\_\_\_\_

Bank Account Number: \_\_\_\_\_

E-mail Confirmation: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D**  
**TO FRANCHISE AGREEMENT**  
**GUARANTY AND ASSUMPTION OF OBLIGATIONS AGREEMENT**

## GUARANTY AND ASSUMPTION OF OBLIGATIONS AGREEMENT

In consideration of the execution of the Franchise Agreement dated \_\_\_\_\_ (the "Agreement") by BAB Ventures Franchising, LLC (the "Company," "we" or "us"), each of the undersigned (a "Guarantor") personally and unconditionally guarantees to us, and our successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement that \_\_\_\_\_ (the "Franchisee" or "you") will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he/she may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor's liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and your other Guarantors;

(2) Guarantor will make any payment or perform any obligation required under the Agreement upon demand if you fail to do so;

(3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;

(4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions in Section 14 and the dispute resolution provisions contained in Section 19 of the Agreement.

(7) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses we incur in enforcing this Guaranty and Assumption of Obligations Agreement (this "Guaranty Agreement") against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Guarantor(s), Company, and Franchisee agree that the following Sections of the Agreement apply to Guarantor(s) and to this Guaranty Agreement: Section 20(A) (Survival); Section 19(D) (Attorneys' Fees); Section 20(B) (Waiver of Obligations); Section 19(D) (Venue); Section 19(E) (Governing Law); Section 19(C) (Injunctive Relief); Section 19(E) (Claims); Section 20 (H) (Waiver of Punitive Damages); Section 20(I) (Waiver of Jury Trial); Section 20(F) (Binding Effect); Section 20(G) (Interpretation of Rights and Obligations); Section 20(L) (Entire Agreement); and Section 21 (Notices).

Each of the undersigned has signed this Guaranty Agreement as of the same day and year as the Agreement was executed.

**GUARANTOR(S) (PERCENTAGE OF OWNERSHIP)**

\_\_\_\_\_ ( )

\_\_\_\_\_ ( )

\_\_\_\_\_ ( )

\_\_\_\_\_ ( )

\_\_\_\_\_ ( )

## EXHIBIT E

### CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**(for Principal Owners, Operating Managers, and trained employees of Franchisee or for employees with access to Confidential Information or trade secrets)**

In accordance with the terms of this Confidentiality and Non-Competition Agreement (“Confidentiality Agreement”) and in consideration of my being a \_\_\_\_\_ of \_\_\_\_\_ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Franchisee has acquired the right and franchise from BAB Ventures Franchising, LLC, (“Franchisor”) to establish and operate a Franchised Business (the “Franchised Business”) and the right to use in the operation of the Franchised Business Franchisor’s trade names, trademarks, service marks, including the service mark PureOne Services® (the “Marks”) and the system developed by Franchisor and/or its affiliates for operation and management of PureOne Services businesses (the “System”), as they may be changed, improved, and further developed from time to time in Franchisor’s sole discretion.

2. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes the Manuals, trade secrets, and copyrighted materials, methods, and other techniques and know-how (the “Confidential Information”).

3. Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality Agreement.

4. As \_\_\_\_\_ of the Franchisee, Franchisor and/or Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Franchisor’s operations manual (the “Manuals”) and other general assistance during the term of this Confidentiality Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as \_\_\_\_\_ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by Franchisor, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for a two (2) year period thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business that engages in a Competing Business (as defined below in this Section 7) that is located

within a 25-mile radius of any part of the Franchisee's designated territory or any other then-existing PureOne Services business territory. This restriction does not apply to my ownership of less than one percent (1%) beneficial interest in the outstanding securities of any publicly-held corporation. "Competing Business" means any business that offers or sells any of the authorized services or products that are offered by PureOne Services businesses, or any other business that is competitive with or confusingly similar to a PureOne Services business.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Confidentiality Agreement.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. Franchisor is a third-party beneficiary of this Confidentiality Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Confidentiality Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Confidentiality Agreement.

11. This Confidentiality Agreement shall be construed under the laws of the State of Georgia. The only way this Confidentiality Agreement can be changed is in writing signed by both the Franchisee and me.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the state courts located in Fulton County, Georgia, and the United States District Court for the District of Georgia. I acknowledge that this Confidentiality Agreement has been entered into in the state of Georgia, and that I am to receive valuable information emanating from Franchisor's headquarters in Georgia. In recognition of the information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Georgia as set forth above. Notwithstanding the foregoing, I acknowledge and agree that Franchisor or the Franchisee may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

**[EMPLOYEE]**

**ACKNOWLEDGED BY FRANCHISEE**

Signature:\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Name:\_\_\_\_\_

Address:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

Date:\_\_\_\_\_

48519682v2



## EXHIBIT C

### CURRENT AND FORMER FRANCHISEES

#### LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2021

| Name             | Address                     | City     | State | Zip Code | Phone Number |
|------------------|-----------------------------|----------|-------|----------|--------------|
| Mathew Fleisher* | 10 Liberty Way<br>Suite A5  | Niantic  | CT    | 06357    | 860-373-2006 |
| Corey Moyer*     | 23229 182 <sup>nd</sup> St. | Verndale | MN    | 56481    | 218-513-2686 |

*\*Operates under royalty-free license arrangement with us or Alliance Partners.*

#### LIST OF FRANCHISEES SIGNED BUT UNOPENED AS OF DECEMBER 31, 2021

| Name                 | City              | State | Phone Number |
|----------------------|-------------------|-------|--------------|
| Don and Mary Snider* | Northwest Atlanta | GA    | 813-466-4002 |

*\*Signed April 2022 and anticipate opening Summer 2022*

#### LIST OF FORMER FRANCHISEES AS OF DECEMBER 31, 2021

Below is a list of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Disclosure Document issuance date:

*None.*

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

| <b>STATE</b>                         | <b>STATE ADMINISTRATOR/AGENT</b>                                                                                                       | <b>ADDRESS</b>                                                                                                             |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| California                           | Commissioner of Financial Protection and Innovation<br>California Department of Financial Protection and Innovation                    | 320 West 4 <sup>th</sup> Street, Suite 750<br>Los Angeles, CA 90013-2344<br>1-866-275-2677                                 |
| Georgia                              | Secretary of State of Georgia<br>Corporations Division                                                                                 | 2 Martin Luther King, Jr. Dr., SE<br>Suite 315, West Tower<br>Atlanta, GA 30334<br>404-656-2817                            |
| Hawaii<br>(State<br>Administrator)   | Commissioner of Securities<br>Dept. of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch | 335 Merchant Street<br>Room 203<br>Honolulu, HI 96813                                                                      |
| Illinois                             | Illinois Attorney General                                                                                                              | 500 South Second Street<br>Springfield, IL 62706                                                                           |
| Indiana<br>(State<br>Administrator)  | Indiana Securities Commissioner<br>Securities Division                                                                                 | 302 West Washington Street, Room E111<br>Indianapolis, IN 46204                                                            |
| Indiana<br>(Agent)                   | Indiana Secretary of State                                                                                                             | 302 West Washington Street, Room E018<br>Indianapolis, IN 46204                                                            |
| Michigan                             | Michigan Department of Attorney General<br>Consumer Protection Division                                                                | G. Mennen Williams Building, 1 <sup>st</sup> Floor<br>525 West Ottawa Street<br>Lansing, MI 48933                          |
| Minnesota                            | Commissioner of Commerce<br>Minnesota Department of Commerce                                                                           | 85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198                                                        |
| New York<br>(State<br>Administrator) | NYS Department of Law<br>Investor Protection Bureau                                                                                    | 28 Liberty Street, 21 <sup>st</sup> Floor<br>New York, NY 10005<br>212-416-8236                                            |
| New York<br>(Agent)                  | New York Department of State                                                                                                           | One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, NY 12231-0001<br>518-473-2492                             |
| Virginia<br>(State<br>Administrator) | State Corporation Commission<br>Division of Securities and Retail Franchising                                                          | 1300 East Main Street, 9 <sup>th</sup> Floor<br>Richmond, VA 23219<br>804-371-9051                                         |
| Virginia<br>(Agent)                  | Clerk of the State Corporation Commission                                                                                              | 1300 East Main Street, 1st Floor<br>Richmond, VA 23219-3630                                                                |
| Washington                           | Department of Financial Institutions<br>Securities Division                                                                            | 150 Israel Road SW<br>Tumwater, WA 98501<br>360-902-8760                                                                   |
| Wisconsin                            | Commissioner of Securities                                                                                                             | Department of Financial Institutions<br>Division of Securities<br>4822 Madison Yards Way, North Tower<br>Madison, WI 53705 |

**EXHIBIT E**  
**STATE SPECIFIC ADDENDA**

## CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPL.CA.GOV](http://WWW.DFPL.CA.GOV).

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

### Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

### Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

### Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

### Item 17, Additional Disclosures:

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

The franchise agreement requires application of the laws of Georgia. This provision may not be enforceable under California law.

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

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

The franchise agreement requires binding arbitration. The arbitration will occur in Georgia with the cost being borne equally by the parties. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

Item 19, Additional Disclosures:

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

Exhibit H, Franchisee Disclosure Document Questionnaire:

Residents of the State of California and individuals who will operate their PureOne Services business, in whole or in part, within the State of California, will not be required to sign the Franchisee Disclosure Document Questionnaire located at Exhibit H.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

## CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

The Franchise Agreement requires application of the laws of Georgia. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Georgia with the cost being borne equally by the parties. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Sections 22A, 22B, and 22C of the Franchise Agreement are hereby deleted in their entirety.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**BAB VENTURES FRANCHISING, LLC**

\_\_\_\_\_

By:\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Name:\_\_\_\_\_

Its:\_\_\_\_\_

Its:\_\_\_\_\_

## GEORGIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

This Addendum will pertain to franchises sold in the State of Georgia and will be for the purpose of complying with Georgia statutes and regulations. Item numbers correspond to those in the main body.

### Items 5 and 7, Additional Disclosure

Notwithstanding anything in Items 5 and 7 to the contrary, for Georgia franchisees, the Initial Franchise Fee is payable as follows: (1) 15% payable to us when you sign the Franchise Agreement; and (2) 85% payable into an escrow account that will be opened with an independent escrow agent, upon your execution of the Franchise Agreement. The Initial Franchise Fee is fully earned and nonrefundable. The escrowed amount, which will equal 85% of the Initial Franchise Fee, will be paid from the escrow account to us 60 days after the Opening Date. If the Franchise Agreement terminates before you open the Business due to your breach of the Franchise Agreement, the entire escrowed amount, 85% of the Initial Franchise Fee, will be paid to us.

### Item 17, Additional Disclosure:

If the company fails to deliver the product, equipment, or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the company in writing and demand that the contract be cancelled.



## GEORGIA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum will pertain to franchises sold in the State of Georgia and will be for the purpose of complying with Georgia statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement will be amended to include the following:

1. Section 4(Aa) of the Franchise Agreement is amended to provide that we will retain fifteen percent (15%) of the total Initial Franchise Fee. The remaining balance of eighty-five percent (85%) of the total Initial Franchise Fee, will be placed in escrow with the following independent escrow agent (the "Escrowed Amount"):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
acct #: \_\_\_\_\_

The entire Escrowed Amount will be due and payable to us 60 days after the date the Franchised Business is opened. The Initial Franchise Fee is fully earned and nonrefundable. If the Franchise Agreement terminates before the dated the Franchised Business is open due to your breach of the Franchise Agreement, the entire escrowed amount, 85% of the Initial Franchise Fee, will be paid to us.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**BAB VENTURES FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

## HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

## ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

### Item 5 Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General's Office based on our financial statements.

### Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

### Franchisee Acknowledgment / Compliance Certification:

The representations under this Franchise Acknowledgment/Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General's Office based on our financial statements.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**BAB VENTURES FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

## MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

### State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

### Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

### Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

### Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

## MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**BAB VENTURES FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

### Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.



Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**BAB VENTURES FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

## VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

### Risk Factor:

**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$86,800 to \$139,100. This amount exceeds the franchisor's stockholders equity as of December 31, 2020, which is \$25,581.

### Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

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 representations made in the franchise disclosure document.

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**BAB VENTURES FRANCHISING, LLC**

\_\_\_\_\_

By:\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Name:\_\_\_\_\_

Its:\_\_\_\_\_

Its:\_\_\_\_\_

## WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

### Special Risks to Consider About *This Franchise*, Additional Disclosure:

**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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

### Item 5 and Item 7, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

### Item 17, Additional Disclosure:

The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained

in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

## WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**BAB VENTURES FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_



## WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**BAB VENTURES FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT F**  
**GENERAL RELEASE FORM**

## RELEASE OF CLAIMS

**NOTE TO THE PROSPECTIVE FRANCHISEE: THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT. THIS FORM IS SUBJECT TO CHANGE OVER TIME.**

For and in consideration of the Agreements and covenants described below, BAB Ventures Franchising, LLC ("Franchisor") and \_\_\_\_\_ ("Franchisee") enter into this Release of Claims ("Agreement").

### RECITALS

- A. Franchisor and Franchisee entered into a PureOne Services® Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_.
- B. [NOTE: Describe the circumstances relating to the release.]

### AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
4. **Release.** Franchisee hereby releases Franchisor, its officers, directors, shareholders, members, managers, and agents, and their respective successors, assigns, heirs, and personal representatives, from all debts, representations, agreements, liabilities, actions, and causes of action of every kind and nature arising out of or relating to the Franchise Agreement between Franchisor and Franchisee, the offer and sale of that franchise and the franchise relationship between the parties.
5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of \_\_\_\_\_ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

#### **FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

#### **FRANCHISOR:**

**BAB VENTURES FRANCHISING, LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT G**

**MANUALS TABLE OF CONTENTS**

| <b>Chapter</b>                                          | <b>Number of Pages</b> |
|---------------------------------------------------------|------------------------|
| Introduction to PureOne Services                        | 10                     |
| Chapter 1 Hiring Your Professional Team                 | 9                      |
| Chapter 2 Site Location Requirements                    | 2                      |
| Chapter 3 Corporate Training                            | 1                      |
| Chapter 4 Setting up your Physical Location             | 9                      |
| Chapter 5 Human Resources                               | 7                      |
| Chapter 6 Payroll                                       | 2                      |
| Chapter 7 PureOne Services Franchise Program            | 4                      |
| Chapter 8 Franchise Fees and Financial Reports          | 5                      |
| Chapter 9 Market and Competitive Analysis               | 2                      |
| Chapter 10 Marketing                                    | 19                     |
| Chapter 11 Customer Services and Uncollectible Accounts | 1                      |
| Chapter 12 Safety Procedures and Emergencies            | 2                      |
| Chapter 13 Forms                                        | 9                      |
| <b>TOTAL</b>                                            | <b>83</b>              |

**EXHIBIT H**  
**DISCLOSURE ACKNOWLEDGMENT AGREEMENT**

## FRANCHISEE DISCLOSURE DOCUMENT QUESTIONNAIRE

Applicant \_\_\_\_\_  
(If corporation) State of Incorporation \_\_\_\_\_  
Address of Applicant \_\_\_\_\_  
Location (Territory) Applied For \_\_\_\_\_

1. I have received all appropriate disclosure documents for the State(s) of \_\_\_\_\_ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to Franchisor the acknowledgment of receipt for each disclosure document given me.

3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of Franchisor's covenants and obligations and my obligations as a franchisee of the PureOne Services system. I understand that the Franchise Agreement contains all obligations of the parties and that Franchisor does not grant to me under the Franchise Agreement any right of first refusal.

4. I understand that this franchise business, as in all business ventures, involves risk and despite assistance and support programs, the success of my business will depend primarily upon me and my ability. In addition, I understand that this franchise business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption.

5. Except for fill in the blank provisions or for negotiated changes that I initiated, I received a copy of the revised Franchise Agreement or related agreement at least seven (7) calendar days before the date on which the Franchise Agreement or related agreement was signed.

6. I understand that Franchisor has a national marketing and promotional program which is not directed towards any specific franchise territory but is intended to benefit the entire PureOne Services system nationwide. I further understand that amounts from the national marketing and promotional fund will be used, among other purposes, to offset in-house expenses incurred in providing marketing services, media planning and network marketing support, and providing market intelligence through analytics to the PureOne Services system.

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

8. The representations under this Franchise Disclosure Document Questionnaire are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

9. If I was referred to Franchisor by a franchise broker or referral source, the name of that franchise broker(s) or referral source(s) is \_\_\_\_\_.

10. I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses or projected revenues for this franchise, except as disclosed in

the disclosure document. If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write “None”).

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The representations under this Franchisee Disclosure Document Questionnaire are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Applicants’ Acknowledgment:

Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Date: \_\_\_\_\_



**EXHIBIT I**  
**STATE EFFECTIVE DATES AND RECEIPTS**

### **State Effective Dates**

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

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

| <b>State</b> | <b>Effective Date</b> |
|--------------|-----------------------|
| California   | Pending               |
| Hawaii       | Pending               |
| Illinois     | Pending               |
| Indiana      | Pending               |
| Michigan     | Pending               |
| Minnesota    | Pending               |
| New York     | Pending               |
| Virginia     | Pending               |
| Washington   | Pending               |
| Wisconsin    | Pending               |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## 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 BAB Ventures Franchising, LLC (“Franchisor”) offers you a franchise, Franchisor must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Franchisor or its affiliate in connection with the proposed franchise sale. Iowa and New York require that Franchisor gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Franchisor gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Franchisor 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 those state administrators listed on Exhibit D.

The franchisor is BAB Ventures Franchising, LLC located at 5829 Clarion Street, Cumming, GA 30040 and 470-239-3694.

Issuance Date: April 19, 2022

The franchise seller involved in offering and selling the franchise to you is: (i) Todd Olson, located at 8401 73rd Avenue North, #48, Brooklyn Park, MN 55428; or (ii) Sandra Apoian, located at 5829 Clarion St., Cumming, GA 30040 and 470-239-3694, or is listed below (with address and telephone number) or will be provided to you separately before you sign a franchise agreement:

Franchisor authorizes the respective state agencies identified on Exhibit D to receive service of process for us in the particular state.

I have received a disclosure document dated April 19, 2022, that included the following Exhibits:

- |                                                                 |                                         |
|-----------------------------------------------------------------|-----------------------------------------|
| (A) Financial Statements                                        | (E) State Specific Addenda              |
| (B) Franchise Agreement                                         | (F) General Release Form                |
| (C) Current and Former Franchisees                              | (G) Manuals Table of Contents           |
| (D) List of State Administrators; Agents for Service of Process | (H) Disclosure Acknowledgment Agreement |
|                                                                 | (I) State Effective Dates and Receipts  |

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

This copy to be retained by Prospective Franchisee

## 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 BAB Ventures Franchising, LLC (“Franchisor”) offers you a franchise, Franchisor must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Franchisor or its affiliate in connection with the proposed franchise sale. Iowa and New York require that Franchisor gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Franchisor gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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| (D) List of State Administrators; Agents for Service of Process | (H) Disclosure Acknowledgment Agreement |
|                                                                 | (I) State Effective Dates and Receipts  |

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

This copy to be returned to BAB Ventures Franchising, LLC