FRANCHISE DISCLOSURE DOCUMENT

Redline Gear Cleaning Franchise Corp.
(a Delaware corporation)
51 Lacombe Street, Unit 4
Marlborough, Massachusetts 01752
844-773-7356
Franchise@redlinegearcleaning.com
www.redlinegearcleaning.com
www.redlinegearcleaning.com/franchise

Redline Gear Cleaning Franchise Corp. is offering franchises for the establishment of businesses that provide mobile on-site cleaning and inspection of firefighter personal protective equipment using a specially equipped, customized truck under the name and mark REDLINE®.

The total investment necessary to begin operation of your first Redline Gear Cleaning Business franchise ranges from $127,000 to $337,000. This includes $90,500 to $250,500 that must be paid to the franchisor or affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our franchise administration department at 51 Lacombe Street, Unit 4, Marlborough, Massachusetts 01752 and 844-773-7356, or via e-mail at franchise@redlinegearcleaning.com.

The terms of your contract will govern your franchise relationship. Do not 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 adviser, like a lawyer or an accountant.

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

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

Date of Issuance: March 22, 2024

FOR USE IN: AL, AK, AZ, AR, CA, CO, CT, DE, DC, GA, FL, ID, IL, IA, KS, KY, LA, ME, MD, MA, MI, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, OH, OK, OR, PA, SC, TN, TX, UT, VT, VA, WV, WY, AND U.S. TERRITORIES (SEE STATE EFFECTIVE DATES PAGE FOR EFFECTIVE DATES IN CERTAIN STATES.)

NOT FOR USE IN: HI, IN, MN, ND, RI, SD, WA, and WI.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 arbitration and/or litigation only in Massachusetts. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Massachusetts than in your own state.
2. **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.
3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

INFORMATION FOR PROSPECTIVE FRANCHISEES IN MICHIGAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding the notice should be directed to:

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

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

The Franchisor is Redline Gear Cleaning Franchise Corp. To simplify this Disclosure Document, Redline Gear Cleaning Franchise Corp. is referred to as "**we**," "**us**" or "**our**." "**You**" means the person or legal entity who buys the franchise or development rights, the franchisee. If you are a corporation, limited liability company, partnership or any other type of legal entity, certain of the provisions of the franchise agreement (defined below) also will apply to, and be binding upon, certain of your owners (referred to as "**Controlling Principals**"). We will require that your Controlling Principals personally guarantee, and be personally bound by, some or all of your obligations under the franchise agreement. The term "**Redline Gear Cleaning Business**" includes franchised and franchisor/affiliate-operated Redline Gear Cleaning businesses.

The Franchisor, Predecessors, and Affiliates

We are a Delaware corporation, formed on May 19, 2022. We do business only under our corporate name and the names "Redline" and "Redline Gear Cleaning." Our principal business address is 51 Lacombe Street, Unit 4, Marlborough, Massachusetts 01752. We have been offering Redline Gear Cleaning Business franchises since 2022.

We have one affiliated company, HC Risk Reduction, Inc., a Delaware corporation ("**HC Risk Reduction**") formed on July 25, 2019. HC Risk Reduction operates a business similar to a Redline Gear Cleaning Business being offered under this Disclosure Document in Marlborough, Massachusetts. HC Risk Reduction has the same principal business address as ours. HC Risk Reduction may also be deemed our predecessor. HC Risk Reduction also retrofits the Mobile Extraction Unit vehicles used in Redline Gear Cleaning Businesses that are then sold to our franchisees.

We have no other affiliates or parent company. We have no affiliates that offer franchises in any line of business or provide products. Except as noted above, we have no affiliates that provide any services or products to our franchisees.

Description of the Franchise

We offer franchise agreements ("**Franchise Agreements**") which grant the right to establish and operate a business specializing in the provision of mobile on-site cleaning and inspection of firefighter personal protective equipment using a specially equipped, customized truck. We refer to those businesses as "**Redline Gear Cleaning Businesses**"). Redline Gear Cleaning Businesses are identified by our "**Marks**", which include (i) the Redline service mark and logo, (ii) the Redline and Redline Gear Cleaning trade names, (iii) the elements and components of our trade dress, and (iv) any and all additional, different or replacement trade names, trademarks, service marks, logos, and slogans that we adopt from time to time to identify the System and the products and services offered by Redline Gear Cleaning Businesses. Redline Gear Cleaning Businesses also operate under our business methods, operating procedures, designs, arrangements and standards, including those pertaining to signage, equipment, vehicles, specifications for products and services, delivery, training, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information technology, all of which we may improve, further develop or otherwise modify from time to time (the "**System**").

Redline Gear Cleaning Businesses offer mobile on-site cleaning and inspection of firefighter personal protective equipment using our proprietary processes and procedures (the "**Services**"). You will provide the Services at the customer's site. You must own or lease, and use in your Redline Gear Cleaning

Business at least one approved truck that we called a "**Mobile Extraction Unit**" or "**MEU.**" An MEU is a self-contained vehicle that permits you to provide the Services directly at the customer's site. Currently, you will purchase the Mobile Extraction Unit through our affiliate, HC Risk Reduction. In the alternative, we may permit you to purchase the truck from a third party vendor that we approve, and then our affiliate will retrofit it with the equipment necessary to operate it as an MEU.

When you obtain a franchise from us, we license to you the right to use our Marks and the System to provide Services using your MEU within a protected territory that will be assigned to you ("**Territory**"). A Redline Gear Cleaning Business franchise grants you a Territory generally delineated by one or more states, counties, cities, zip or postal code areas, street boundaries or other designated geographical boundaries.

The Market and Competition

The market for cleaning and inspection of firefighter personal protective equipment is relatively new. The target market is very specific, primarily municipal fire departments of any size. These fire departments can be comprised of paid or volunteer firefighters, or a combination of both. Additionally, some military installations and airports have dedicated fire departments that may utilize these services.

We know of no other business that offers mobile cleaning and inspection of firefighter personal protective equipment. However, you may face competition from commercial cleaning companies that are trained and certified to clean firefighter gear. These companies typically provide these services offsite of the fire station. You will also compete with other Redline Gear Cleaning Businesses operated by our other franchisees or our affiliate.

Although a Redline Gear Cleaning Business is not seasonal, in colder climate locations business may be slower in the colder months.

Industry Specific Regulation

The cleaning and inspection of firefighter personal protective equipment is not regulated by governmental oversight. However, firefighter gear is recommended to be cleaned and inspected according to the National Fire Protection Association (NFPA). You must obtain an NFPA certification from an independent agency, which may be either UL or Intertek. Securing certification involves review and testing of all aspects of the gear cleaning process.

You should also familiarize yourself with federal, state and local laws of a more general nature that may affect the operation of your Redline Gear Cleaning Business, including employment, worker's compensation, insurance, corporate, taxing and licensing laws and regulations. In addition to laws and regulations that apply to businesses generally, your Redline Gear Cleaning Business may be subject to federal, state and local occupational safety and health regulations, Equal Employment Opportunity and Americans with Disabilities Act rules and regulations.

Business History of Us and Our Predecessors and Affiliates

Since July 2019, our affiliate, HC Risk Reduction, has operated a business similar to a Redline Gear Cleaning Business being offered under this Disclosure Document. We acquired many of the business methods, operating procedures, designs, arrangements and standards that comprise our System from our affiliate, HC Risk Reduction.

We have not and do not operate any businesses similar to the franchised business being offered under this Disclosure Document. Neither we nor our affiliate have conducted business or offered franchises in any other line of business.

ITEM 2
BUSINESS EXPERIENCE

Ronald J. Matros – Director and Chief Executive Officer

Ron Matros has served as a Director and our Chief Executive Officer since our inception in May 19, 2022. He has also served as a Director and the Chief Executive Officer for our affiliate, HC Risk Reduction, since its inception in July 2019. From June 2016 until July 2019, Ron was an independent consultant providing sales management training located in Marlborough, Massachusetts.

Michael A. Matros – Director and President

Mike Matros has served as a Director and our President since our inception. He has also served as a Director and the President for HC Risk Reduction since its inception. Since August 2010, Mike has served as a firefighter/paramedic for the Sudbury Fire Department in Sudbury, Massachusetts, and from May 2016, he has served as the Executive Director of Hero's Cup Foundation in Marlborough, Massachusetts.

Caitlin J. Matros – Vice President of Administration

Caitlin Matros has served as our has Vice President of Administration since our inception. She has also served as Vice President of Administration for HC Risk Reduction since its inception. Since May 2016, Caitlin has also served as the Secretary/Treasurer of Hero's Cup Foundation in Marlborough, Massachusetts. From February 2006 to September 2019, she served as a PSS Supervisor for Southboro Medical Group in Southboro, Massachusetts.

Thomas J. Prendergast – Director

Tom Prendergast has served as a Director of ours since our inception. He has also served as a Director for HC Risk Reduction since September 2019. Tom is an owner and asset manager for Integrated Properties, Inc. in Sudbury, Massachusetts, positions he has held since April 2010.

Luke M. Prendergast – Director

Luke Prendergast has served as a Director of ours since our inception. He has also served as a Director for HC Risk Reduction since September 2019. Luke is an asset manager for Integrated Properties, Inc. in Sudbury, Massachusetts, a position he has held since January 2014.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

The initial franchise fee (the "**Initial Franchise Fee**") for your first franchisee is $49,500. The Initial Franchise Fee for a second and each subsequent franchise you acquire is reduced to $24,750 per franchise.

A franchise entitles you to operate within a Territory that is set forth in the Addendum to the Franchise Agreement. If you acquire more than one Territory, you will pay a second Initial Franchise Fee. If you acquire multiple Territories at the same time, you may sign only one Franchise Agreement, yet each Territory will be considered a separate franchise.

National Fire Protection Certification Assistance Fee

Your Redline Gear Cleaning Business must be certified with the National Fire Protection Association (NFPA) before you may commence business. We assist you with preparing for and taking the certification exam. You will pay us $1,000 for this assistance.

MEU Acquisition

You must purchase your Mobile Extraction Unit before you can begin operations. Currently, our affiliate HC Risk Reduction purchases the trucks from the manufacturer and then retrofits the trucks into a Mobile Extraction Unit by installing the equipment and parts to clean firefighter personal protective equipment. An MEU will cost between $400,000 and $500,000 depending on the truck model you select. You will pay our affiliate between $40,000 and $200,000 before you commence business. Typically, you will finance the remainder with a third party financing company not affiliated with us.

General

The Initial Franchise Fee is fully earned by us on the signing of the Franchise Agreement and is entirely nonrefundable. The NFPA certification assistance fee is due prior to you taking the NFPA certification exam and is entirely nonrefundable. The payments made to our affiliate for the acquisition of the MEU are nonrefundable unless we agree otherwise.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty[(1),(2),(4)]	10% of the greater of your actual Gross Revenues of the previous month, or of the Minimum Monthly Gross Revenues each month	Payable monthly based on the prior month's Gross Revenues.	Beginning on the date specified in the Addendum of your Franchise Agreement, you must meet certain Minimum Monthly Gross Revenues obligations. See Notes 4 and 5 below.

Type of Fee	Amount	Due Date	Remarks
Brand Development Fund Fee[1],[2],[4]	2% of the greater of your actual Gross Revenues of the previous month, or of the Minimum Monthly Gross Revenues each month	Payable with the Royalty	The Brand Development Fund Fee supports the Brand Development Fund, which is used (i) to create advertising, run advertisements, pay for public relations services, and conduct market research, and (ii) to reimburse us and our affiliates for salaries and overhead expenses related to advertising. See Note 4 below.
Charitable Donation Fee[2],[4]	1% of the greater of your actual Gross Revenues of the previous month, or of the Minimum Monthly Gross Revenues each month	As incurred	We have established the Redline Gear Cleaning Charitable Donation Fund to provide charitable donations to an organization(s) selected by us whose mission is to provide awareness and education about firefighter health, safety, and cancers. You must contribute to this Fund.
Technology Fee[1],[5]	Currently, $150 - $250 per month depending on the technology services you select, but subject to change on 30 days' notice	Payable on the 10th of each month	The Technology Fee is paid to us in consideration of access to our e-mail system, maintain a Website, and other technology services we offer to you. The range depends on the technology services you elect to receive.
Call Center Fee[1]	Currently, none, but we may impose this fee on 30 days' notice	Payable on the 10th of each month	We operate a Call Center, which is a centralized facility where we receive sales inquiries via e-mail or telephone call. and are then forwarded to the appropriate Redline Gear Cleaning Business. Customer follow up requests are forwarded to the appropriate franchisee.
Additional Training[1],[3]	Our then current rate. The current rate as of the date of this Disclosure Document is $1,000 per attendee	As incurred	We do not charge an additional fee for up to four persons to attend the initial training. We reserve the right to charge this fee for any additional persons or for additional required or optional training and training of subsequent persons who become your Managing Principal or General Manager.
Successor Franchise Fee[1],[5]	$7,500	You must pay the successor franchise fee at the time you sign the successor Franchise Agreement	Payable when you exercise your right to obtain a successor franchise.
Transfer Fee[1],[5]	$10,000	On the closing of any approved transfer	Payable when your interest in the Franchise Agreement, a material portion of your Redline Gear Cleaning Business' assets, or an interest in you is transferred.

Type of Fee	Amount	Due Date	Remarks
Insufficient Funds Fee(1)	$50 per violation	As incurred	Payable any time you bounce a check to us or your bank account does not have sufficient funds to cover any direct debits that we submit to your bank.
Audit Fees and Costs(1)	Cost of audit, underpayment amount, late payment charges and interest. Varies according to your location	Within 10 business days of our notice to you	These costs are payable only if you understate your Gross Revenues by more than 2%, do not submit reports to us or do not cooperate in performance of inspection and audit.
Indemnification Costs	Varies	On demand	You must pay the cost of our defense and the amount of any claims if we are threatened with or found liability as a result of your operations.
Interest and Late Fees(1)	Lesser of 18% per annum; or highest lawful rate of interest. Also, $75 per occurrence per late report or fee.	As incurred	Interesting and late fees are charged on any overdue amounts.
Insurance	Varies	As incurred	If you fail to maintain the required insurance, we may obtain coverage on your behalf and charge the cost to you.
Meeting and Convention Fee(1)	Currently none, but we reserve the right to charge a fee in the future If you do not attend a mandatory meeting: $1,500 per meeting. If you attend but do not stay at the designated hotel or do not stay for the entire meeting or convention: $750 per meeting	As incurred	The additional meeting and convention requirements are discussed in Item 11.
Supplier Approval(1)	Currently none, but we may collect our actual costs to approve a new supplier, product or service.	As incurred	If we require you to obtain goods, services, or any other materials from only approved suppliers, and you request approval of a new supplier, we may charge this fee. We may charge a fee in the future upon 30 days' notice to you.
Costs and Attorneys' Fees(1)	Will Vary Under Circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement, or if you do not prevail in action based on the Franchise Agreement

Explanatory Notes:

1. Except as described above, all fees are uniformly imposed by and payable to us, but we may waive or negotiate reduced fees in certain circumstances. All fees are non-refundable. Currently, we do not require you pay via ACH withdrawal, but we reserve the right to do so in the future. Upon our request, you must sign and deliver to us and your bank all documents needed to permit us to debit your bank account for your Royalty Fee, Development Fund Fee, Technology Fee, and all other payments due to us or our affiliates under the Franchise Agreement or otherwise. Once ACH withdrawal is established, if you change your account or transfer your account to a different bank, you must notify us within one day, and sign and deliver to us and your bank new documents to permit us to debit your bank account within three days. You must maintain a minimum balance of $5,000 in your bank account at all times. We may require you to pay all amounts due by means other than automatic debit whenever we deem appropriate.

2. Gross Revenues means the aggregate of all of your sales and other income from whatever source derived, regardless of whether collected in the case of credit, arising out of, in connection with or relating to the business and the performance of services including, for example, (a) income from the sale of any products or other items; (b) income from the Services or any other services provided to customers; (c) income as a result from any barter and (d) all proceeds from any business interruption insurance, but excluding i) all refunds and discounts made in good faith to a customer; ii) any sales, goods and services and equivalent taxes which are collected by you for or on behalf of any governmental or other public body and actually remitted to such body; and iii) the value of any coupon, voucher or other allowance authorized by us and issued or granted to customers of the Redline Gear Cleaning Business that is received or credited by you in full or partial satisfaction of the price of any Service or product offered in connection with the Redline Gear Cleaning Business.

3. A "**Managing Principal**" is one of your Controlling Principals who meets our requirements and is approved by us to supervise and manage all aspects of your Redline Gear Cleaning Business and with whom we and our staff may deal with exclusively for purposes of administering and coordinating the franchise relationship. With our approval, you may hire a "**General Manager**" to perform the duties of the Managing Principal if none of the Controlling Principals desire or are qualified to serve in the Managing Principal position. Under the Franchise Agreement, your initial Managing Principal and General Manager must attend and complete our initial training program. We reserve the right to charge you a fee for any additional required or optional training and training for other subsequent Managing Principals and General Managers. You must pay all wages and benefits and the cost of transportation, room and board for your Managing Principal and General Manager. We pay no compensation to you or your employees during training, and we will not reimburse you for any expenses associated with training.

4. Beginning on the first day of the seventh full month following commencement of operations, you will be required to achieve the Minimum Monthly Gross Revenues defined in Item 12. Once the Minimum Monthly Gross Revenues requirement starts, you will be required to pay us your Royalty Fee and National Brand Development Fee, and calculate your required Charitable Donation, based on the greater of your actual Gross Revenues or the Minimum Monthly Gross Revenues for that month.

5. If you acquire more than one Territory, then (i) you must meet the Minimum Monthly Gross Revenues in each Territory, (ii) you must pay a separate Technology Fee for each Territory, (iii) you must pay a successor franchise fee for each Territory for which you are exercising successor franchise rights, and (iv) you must pay a transfer fee for each Territory that is transferred.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee (Note 1)	$49,500	Lump Sum	On Signing the Franchise Agreement	Us
Mobile Extraction Unit (MEU) (Note 2)	$40,000 - $200,000	As arranged	As agreed	Our Affiliate
MEU Storage Facility Lease (Note 3)	$7,500 - $15,000	As arranged	As agreed	Third Parties
Tools and Equipment (Note 4)	$500 - $3,000	As incurred	As incurred	Vendors
Office Furniture and Equipment (Note 5)	$0 - $1,500	As incurred	As incurred	Vendors
Computer, Tablets (Note 6)	$1,000 - $2,000	As incurred	As incurred	Vendors
NFPA Certification Fee (Note 7)	$10,000 - $22,500	As incurred	As incurred	UL or Intertek
NFPA Certification Assistance Costs (Note 7)	$1,000	As incurred	As incurred	Us
Insurance (Note 8)	$1,000 - $5,000	As incurred	As incurred	Insurance Company
Training Costs (Note 9)	$1,000 - $3,000	As incurred	As incurred	Hotels, Restaurants, Carriers
Utility Deposits (Note 10)	$0 - $1,000	As arranged	As agreed	Vendors
Business Licenses (Note 11)	$0 - $500	As arranged	As agreed	Licensing Authority
Professional Fees (Note 12)	$500 - $3,000	As incurred	As incurred	Vendors
Additional Funds - 3 Months (Note 13)	$15,000 - $30,000	As incurred	As incurred	Third Parties

Type of Expenditure	Estimated Amount	Method of Payment	When Due	To Whom Payment is to be Made
Totals (Notes 13, 14, and 15)	**$127,000 - $337,000**			

Explanatory Notes:

1. Under the Franchise Agreement, the Initial Franchise Fee for your first franchise will be $49,500. The Initial Franchise Fee for a second and each subsequent franchise you acquire is reduced to $24,750 per franchise. See Item 5.

2. This estimate is for your Mobile Extraction Unit. We have two models of MEUs; one model that is capable of carrying the water required to provide our cleaning services, and a smaller model that does not carry water. Both vehicles are retrofitted with the cleaning and other equipment and tools used in a Redline Gear Cleaning Business. The MEU will also include an initial supply of cleaning detergents and supplies. Currently, the MEU is provided by our affiliate HC Risk Reduction. You will pay our affiliate between 10 percent and 40 percent of the total purchase price of the MEU prior to you commencing your Redline Gear Cleaning Business. Typically, you will finance the remainder of the purchase price of the MEU through a third party financing company not affiliated with us. If you desire to purchase the vehicle without financing it, the total purchase price ranges from $400,000 to $500,000 depending on options desired. The chart contemplates you will acquire one MEU at the beginning of the operation of your Redline Gear Cleaning Business. If you acquire more than one MEU, your costs will be greater than shown in the chart.

3. You will need a place to store your MEU. It is recommended that you lease a garage facility, generally located in an industrial/warehouse park. You will need approximate 1,250 sq ft., and it must have a minimum of 14 feet high, 12 feet wide garage door. You will need access to water and electricity. If you are located in a colder climate area, it should be heated. These facilities are generally leased. The lease amount varies widely depending on geographic location.

4. Tools and Equipment: The MEU comes equipped with all tools required to operate a Redline Gear Cleaning Business. However, you may want to acquire certain other tools to assist you with general maintenance and servicing of your MEU. In lieu of maintaining and servicing your MEU yourself, you may employ an outside service shop to perform these services.

5. You will need some basic office equipment, such as a desk, chair, calculator and standard office supplies. You may already have all or many of these items.

6. You will receive one Apple iPad tablet or other mobile device with the MEU, but you may want to acquire additional Apple iPads or other mobile devices approved by us that you will use in your Redline Gear Cleaning Business. You will also need an office computer.

7. You are required to be NFPA certified. There are two companies who provide this certification, and you can choose which one to use. We assist you in your certification process. You will pay our fee for this assistance.

8. You must carry the insurance set forth in the Operations Manual, defined in Item 11. The chart contains our best estimate of the premiums required for commercial general liability, business automobile

liability, and workers compensation insurance during a Redline Gear Cleaning Business' first year of operation. Your costs may vary from those described in the chart as insurance costs vary from area to area.

9. You are responsible for paying the travel, living and other costs of the people you send to training, along with any wages or salaries of those persons, during the initial training program.

10. Security and utility deposits include estimated deposits for a leased Office (defined in Item 11), telephone service and other utilities. You may maintain your Office in your home.

11. The range given provides our best estimate of the cost you will incur for business permits and licenses. If you are an existing business, you may already have any business licenses required to operate a Redline Gear Cleaning Business. Some jurisdictions also may not require any permits or licenses for this type of business, or impose fees for those permits or licenses.

12. It is advised that you consult with an accountant and attorney of your choosing regarding acquiring and operating your Redline Gear Cleaning Business.

13. The additional funds include expenses for wages, occupancy cost, professional expenses and other reoccurring expenses before the opening of the business, and during the first three months of operation. These figures are estimates of your total opening and opening expenses for the initial three months of business. We relied on our principal's more than eight years of combined experience in operating a business similar to a Redline Gear Cleaning Business when preparing these figures, including the additional funds estimate.

14. We do not offer any financing in connection with your initial investment.

15. No fees or payments to us are refundable under any circumstances. Payments to third parties may or may not be refundable depending on your agreement with such third parties; however, usually such payments are nonrefundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must acquire a Mobile Extraction Unit and all necessary equipment and tools for your business according to the standards and specifications which we establish and specify in the Franchise Agreement and our Operations Manual. We may modify the standards and specifications from time to time. We will promptly notify you of any such modifications. We formulate and modify these specifications and standards based on research, industry trends and our general business plan.

Required Purchases and Supplies

You must purchase or lease a Mobile Extraction Unit. Currently, you will purchase the Mobile Extraction Unit through our affiliate, HC Risk Reduction. In the alternative, we may permit you to purchase the truck from a third party vendor that we approve, and then our affiliate will retrofit it with the equipment necessary to operate it as an MEU.

You must purchase those items of inventory that will be disclosed to you during training and periodically purchase certain other items we specify, only from suppliers we designate or approve.

You must acquire and use certain computers and tablets described more fully in Item 11 of this Disclosure Document for your operations and to collect, compute, store and report your Redline Gear Cleaning Business' Gross Revenues, other financial data and operating information to us. These include such items as computers, peripheral equipment and related software programs we specify in the Operations Manual, including the latest generation of Apple iPad unless we designate a different mobile device to be used in your Redline Gear Cleaning Business. You must also install and continually maintain a broadband connection that facilitates communication between our computer system and your electronic systems, as specified above, and you must provide us continuing access to your computer system and electronic systems.

You must maintain your MEU and all of your equipment used in connection with your Redline Gear Cleaning Business in good order and repair and you must properly replace your MEU and any equipment as they become worn or damaged, obsolete, out of style, or mechanically impaired. You must enter into and maintain preventive maintenance programs as further described in the Operations Manual. Your MEU must remain in good repair and be kept clean and free from rust, dents, scratches or other damage. The purpose of this requirement is to establish quality control standards for the items used in the operation of your Redline Gear Cleaning Business and to protect, maintain and promote reputation, goodwill and public acceptance of our Marks, the Systems and products.

We are the sole provider of the e-mail account and our Website. We also provide certain other technology services that you may use in your Redline Gear Cleaning Business. The Technology Fee varies and is determined based on the technology services you elect to receive.

Otherwise, as of the date of this Disclosure Document, other than the MEU, neither we nor any affiliate of ours is currently an approved supplier or the sole designate supplier for any goods or services for your Redline Gear Cleaning Business, although we reserve the right to designate ourselves or an affiliate as an approved supplier or the sole designated supplier for certain goods or services in the future.

We estimate that the purchase and lease of these required items meeting our specifications will be 10 to 20 percent of your total purchases and leases in establishing your Redline Gear Cleaning Business. We estimate that purchasing or leasing required items in accordance with our standards and specifications will comprise 10 to 20 percent of all product and service purchases and leases in operating your Redline Gear Cleaning Business.

We may derive revenue from the sale of the items we sell to franchisees. Our officers hold ownership interests in us and our affiliates. Otherwise, no officer of ours owns any interest in any of our approved suppliers. We did not derive any revenues from products and services sold to franchisees during our last fiscal year. During its last fiscal year (ending on December 31, 2023), our affiliate HC Risk Reduction had revenues of $332,036 from products and services provided to franchisees.

Approval of Alternative Suppliers

We reserve the right to designate other specific vendors and suppliers in the future. If you desire to purchase any equipment, supplies or product from a supplier which has not already been approved by us, you must obtain our prior written approval, which may take up to 30 days from our receipt of all requested information, including information regarding the suppliers demonstrated customer service, product quality, product safety and a strong regional presence. Additionally, as a condition to granting approval, we may require you to submit the samples of the proposed supplies, products or services and to arrange for us to visit the supplier's facilities. If we elect to test the samples or inspect the proposed supplier's facilities, we may charge a fee for this service, currently in an amount not to exceed the actual cost of such inspection or testing. We will notify you and other franchisees if we grant a request for an alternative supplier. If we

approve an alternative supplier, we may revoke our approval in our discretion by notice to franchisees, in which case you may no longer use that supplier. We do not have written criteria for supplier approval, and therefore that criteria is not made available to any of our franchisees.

Insurance

You must procure, maintain and provide evidence of (i) workers compensation insurance in amounts prescribed by law; (ii) comprehensive general liability insurance and product liability insurance coverage in an amount of not less than $1,000,000 per occurrence, $2,000,000 aggregate coverage; (iii) motor vehicle liability insurance covering all employees of your Redline Gear Cleaning Business with authority to operate a motor vehicle, including the MEU, with non-owned auto coverage added as a rider, in an amount not less than $1,000,000; (iv) fire and lightning, extended coverage, theft, vandalism and malicious mischief, flood, and sprinkler leakage insurance on the Office (if located outside of your home), MEU Storage Facility, and on all equipment, supplies and other property used in the operation of your Redline Gear Cleaning Business, for not less than 100 percent of the cash value of the property, except that an appropriate deductible clause shall be permitted; and (v) such additional insurance as may be required by the terms of any lease or mortgage for your Office and MEU Storage Facility. We may increase or decrease the amounts and types of insurance you must purchase by providing you with 30 days advance written notice of any changes in coverage amounts. All policies of insurance will be with responsible companies qualified to do business and in good standing in the state where your Redline Gear Cleaning Business is located, and shall be in a form satisfactory to us. All liability insurance policies shall name us as an additional insured to the extent of claims arising out of the operations of your Redline Gear Cleaning Business. To the extent our preferred insurance provider (if any is designated in the future) is licensed and qualified to do business in the state where your Redline Gear Cleaning Business is located, you must obtain the above-required insurance coverage from our preferred insurance provider, unless we approve an alternate insurance provider for you.

Negotiated Prices

We have not negotiated any prices or purchasing arrangements with any supplier for your benefit. We may do so in the future.

Material Benefits

Except as is described in this Item 8, you do not receive any material benefit from us based on your use of any particular designated or approved sources or your purchase of particular products or services. You do not receive a material benefit from us on your use of any particular designated or approved source.

Cooperatives

We have not arranged any purchasing cooperatives for our franchisees.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Items
a. Site selection and acquisition/lease (Office and MEU(s))	Sections 4.2, 4.3, and 7.1	Items 7 and 11
b. Pre-opening purchases/leases	Sections 7.1, 7.2 and 11.1	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 4.2 and 4.3, and Article 7	Items 6, 7, 8, and 11
d. Initial and Ongoing training	Article 6	Item 11
e. Opening	Section 7.4	Item 11
f. Fees	Articles 5 and 12, Section 13.2	Items 5, 6, 7, and 11
g. Compliance with standards and policies/Operating Manuals	Article 9 and Section 11.1	Items 1, 8, and 11
h. Trademarks and proprietary information	Article 15 and Sections 18.5 and 20.4	Items 13 and 14
i. Restrictions on products/services offered	Sections 11.1, 14.2, and 18.2	Items 8, 11, and 16
j. Warranty and customer service requirements	Section 11.1	None
k. Territorial development and sales quotas	Article 4 and Section 12.5	Items 11 and 12
l. Ongoing product/service purchases	Sections 11.1 and 14.2	Item 8
m. Maintenance, appearance and remodeling requirements.	Sections 3.3, 7.1, 11.1, and 17.3	Item 11
n. Insurance	Article 21	Items 7 and 8
o. Advertising	Section 12.2 and Article 13	Item 7 and 11
p. Indemnification	Section 19.3	Item 17
q. Owner's participation/ management/staffing	Section 11.1	Item 15
r. Records/reports	Article 16 and Section 18.1	Item 17
s. Inspections/Audits	Section 16.3	Item 6
t. Transfers	Article 17	Items 6 and 17
u. Renewal	Sections 3.3 and 3.4	Items 6 and 17

Obligation	Section in Franchise Agreement	Disclosure Document Items
v. Post-termination obligations	Sections 18.5, 18.7, 18.8, 18.9, 18.10, 20.2, 20.3 and 20.4	Item 17
w. Non-competition covenants	Article 20	Item 17
x. Dispute resolution	Article 22	Item 17
y. Guaranty by Owners and Other Individuals	Sections 11.1 and 11.2; Exhibit II	Item 15

ITEM 10
FINANCING

Neither we nor any agent or affiliate of ours offers direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

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

Pre-Opening Assistance

Before you open your business, we or our designee will:

1. Designate your protected Territory. (Franchise Agreement, Section 8.1.a).

2. Provide you with our standards for purchasing or leasing and equipping your MEU, including assisting you with choosing the preferred model for your Redline Gear Cleaning Business. (Franchise Agreement, Section 8.1.b).

3. Provide you specifications for the signs, graphics and other items related to the proper usage of the Marks. (Franchise Agreement, Section 8.1.c).

4. Approve your MEU Storage Facility and Office, if applicable. (Franchise Agreement, Section 8.1.d).

5. Provide you access to our proprietary or approved software, if applicable, an Internet site for prospective customers, an e-mail account and an Intranet site for you and other franchisees. We reserve the right to discontinue providing the e-mail account and Intranet site in the future. (Franchise Agreement, Section 8.1.e).

6. Provide you a list of approved and required inventory items, consisting of the inventory and supplies needed to stock the MEU and to perform the Services, along with a list of any designated or approved suppliers for such items. (Franchise Agreement, Section 8.1.f).

7. Provide initial training for your Managing Principal and General Manager and other employees up to a maximum of four persons. (Franchise Agreement, Sections 6.1 and 8.1.g).

8. Provide you with assistance in obtaining your NFPA ISP certification. (Franchise Agreement, Section 8.1.h).

9. Loan you one copy of the Operations Manual, which may be provided electronically, online or by any other means we choose. (Franchise Agreement, Sections 8.1.i and 9 .1).

10. Provide guidance in implementing marketing programs, operating and sales procedures. (Franchise Agreement, Sections 8.1.j and 13.2).

Continuing Assistance

During the operation of your Redline Gear Cleaning Business, we or our designee will (Franchise Agreement, Section 10.1 unless otherwise noted):

1. Provide you advice and assistance as we deem advisable and planning publicity and promotions for your business promotion, including advice on print media and display advertising in accordance with the Franchise Agreement.

2. Assign a franchisee liaison from our staff, who will be accessible to your Managing Principal or General Manager to the extent we deem advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication.

3. As we deem appropriate, visit your Office, MEU Storage Facility, or a job site to conduct reviews and to consult with your Managing Principal or General Manager regarding compliance with our System standards.

4. Loan you any additions or supplements to the Operations Manual as they are available and disclose to you any additional trade secrets we develop, if any, that relate to the operation of Redline Gear Cleaning Businesses.

5. Invite you to attend, at your own expense, all conventions, seminars and franchisee-oriented functions, if any that we plan from time to time and sponsor that are applicable to you or your Redline Gear Cleaning Business, so long as you are in compliance with your Franchise Agreement, some of which may be held online. Your attendance at such conventions, seminars another franchisee-oriented functions will be mandatory unless we notify you to the contrary.

6. If created, send to you and your customers periodic online newsletters that we produce from time to time.

7. Upon our recommendation or at your request, conduct additional training programs for your Managing Principal, General Manager or replacements of those people, at a location we designate. We reserve the right to charge a fee for these additional training programs.

8. Make available to you all marketing manuals, advertising designs, advertising campaigns, camera-ready artwork, our tactical marketing planner, and budgeting templates for your advertising and promotional programs. We may charge you for these materials.

9. Provide you with access to our proprietary software (if any) and all upgrades, an Internet site for prospective customers, and an Intranet site for you and other franchisees. We reserve the right to discontinue providing the Intranet site.

10. From time to time, research new products, services and methods of doing business and provide you with information concerning developments of this research.

11. Provide you with access to and guidelines related to the centralized call center provided by us or our designated supplier to receive calls and schedule appointments for your Redline Gear Cleaning Business.

12. Provide guidance and assistance to you in recommending the prices to be charged by you for the services and products provided by you. Currently, we do not set a maximum, minimum, or set price that you may advertise and charge for services and products offered by your Redline Gear Cleaning Business, but we reserve the right to do so in the future. If we establish a maximum price for any services or products, you shall not offer or sell those services or products at any greater price. If we establish a minimum price for any services or products, you shall not offer or sell those services or products at any lesser price. If we establish a set price for any services or products, you shall offer or sell those services or products only at that price. Currently, we may establish suggested prices. In this case, any prices we recommend to you are merely recommendations and you may establish your own prices, which may be higher or lower than our recommended prices. You must abide by our advertising policies related to advertising prices.

13. Permit you to use our System, as it may be modified (Franchise Agreement, Sections 2.1 and 15.3).

14. Permit you to use our Marks in accordance with our specifications (Franchise Agreement, Sections 2.1 and 15.1).

Site Selection for your Office

You may locate your office (the "**Office**") in your home as long as your home-based office meets the general guidelines of the Internal Revenue Service. We do not require you obtain an Office outside of your home. If you elect to have an Office outside of your home, you are responsible for selecting and acquiring the premises for your Office. We do not locate or negotiate the lease or purchase of a site for you. You must obtain our prior written consent for any Office located outside of your home. We have not established any standards for your Office, except that any Office outside of your home must be located in or in your Territory. Unless extended by us, you must select and acquire an Office within 90 days following the effective date of the Franchise Agreement. An Office located outside of your home may not be relocated without our prior written consent. We reserve the right to establish additional standards for your Office, and once those standards are established, you must comply with our standards no later than 30 days after written notice to you. We do not generally own the premises used by our franchisees. If you desire to operate from an Office other than your home and you do not obtain our approval within the time you are required to open your business as described below, then you will be required to use your home as your initial Office and comply with the Internal Revenue Service's guidelines.

Site Selection of MEU Storage Facility

You will need a place to store your MEU ("**MEU Storage Facility**"), which must be approved by us in advance. It is recommended that you lease a garage facility, generally located in an industrial/warehouse park. You will need approximate 1,250 square feet, and it must have a minimum of 14 feet high, 12 feet wide garage door. You will need access to water and electricity. If you are located in a colder climate area, it should be heated. MEU Storage Facilities are generally leased. The lease amount varies widely depending on geographic location.

Your MEU Storage Facility must be located in your Territory. Once selected, the MEU Storage Facility may not be relocated without our prior written consent, which consent will not be unreasonably withheld. Unless extended by us, you must select and acquire your MEU Storage Facility within 90 days following the effective date of the Franchise Agreement. If you fail to acquire an MEU Storage Facility approved by us within this time period, we may terminate the Franchise Agreement with no refund of your fees. You must agree to comply with any additional standards established by us from time to time regarding your MEU Storage Facility within 30 days of receipt of written notice from us of such standards.

Acquisition of Your MEU

When you sign your Franchise Agreement, you will place your order for your MEU that meets our standards and specifications, which are set forth the Operations Manual. You must purchase or lease a Mobile Extraction Unit. Currently, you will purchase the Mobile Extraction Unit through our affiliate, HC Risk Reduction. In the alternative, we may permit you to purchase the truck from a third party vendor that we approve, and then our affiliate will retrofit it with the equipment necessary to operate it as an MEU. We reserve the right to modify our standard specifications for your MEU from time to time by changing the Operations Manual. Your MEU may only be used in the operation of your Redline Gear Cleaning Business.

You must keep your MEU clean, equipped and stocked, and at all times ensure that your MEU presents a respectable image of the System. You must maintain your MEU in good repair and keep your MEU clean and free from rust, dents, scratches or other damage in accordance with the standards and specifications set forth in the Operations Manual or otherwise in writing. You may not offer, sell or deliver any products or Services using any vehicle other than the MEU.

Time for Commencement of Operations

The time that will elapse between the signing of a Franchise Agreement and the opening of your franchise business varies depending on the MEU vendor's delivery schedule, and your individual circumstances and local conditions, such as your ability to obtain (1) any permits or licenses required by your state and local governments, and (2) complete your initial training. You must open your business no later than 90 days following delivery of your MEU.

Training Program

Initial Training. The initial training last approximately five days for up to four persons we approve. Your Managing Principal and General Manager (if applicable) must attend and complete the initial training program to our satisfaction. The actual length of your training program and your training schedule may be adjusted by us based on your prior experience or training. We plan on being flexible in scheduling training to accommodate our personnel and you. There are currently no fixed (i.e., monthly or bi-monthly) training schedules for the initial training program, and instead we intend to conduct initial training on an as-needed basis. Training will be conducted approximately 30 days prior to the opening of your Redline Gear Cleaning Business. Classes may be conducted at our home offices in Marlborough, Massachusetts or at another specified location. You must pay your employees' travel expenses and room, board and wages during training. We will provide electronic copies of the instructional materials, which will include the Operations Manual and other handouts.

Training is supervised by our President, Michael Matros. Mr. Matros has over 13 years of experience in the firefighting industry and has been employed by us since our inception. Each of our instructors has demonstrated to us satisfactory knowledge of the topics they instruct and are overseen and reviewed by Mr. Matros.

An outline of the initial training is as follows:

Initial Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome, Introduction and Goals	1.0		Marlborough, Massachusetts
Employee Matters - Recruiting, Retaining and Personnel Requirements	3.0		Marlborough, Massachusetts
The Redline Cleaning Process	8.0	8.0	Marlborough, Massachusetts and nearby fire station locations
Inventory, Equipment, and System Compliance	2.0		Marlborough, Massachusetts
Marketing and Public Relations	4.0		Marlborough, Massachusetts
Accounting and Data Entry	2.0		Marlborough, Massachusetts
Starting the Redline Gear Cleaning Business (Redline Gear Cleaning Business Plan, Expenses, Budget)	8.0		Marlborough, Massachusetts
Software Training	2.0		Marlborough, Massachusetts
Review and Wrap Up Questions	2.0		Marlborough, Massachusetts
TOTAL	**32.0 Hours**	**8.0 Hours**	

Other Training. If we determine that you, your Managing Principal or General Manager, or others we determine require training in addition to the initial training program, or if you request additional training, then we will provide notice to you of the additional training and conduct the additional training program at a location we designate. You will be responsible for paying the travel, lodging and other costs for you, your Managing Principal or General Manager, your other employees, or your other representatives, and you will be required to pay us our standard fees for conducting additional training in accordance with our standard fee schedule.

We may present seminars, national or regional conventions, continuing development programs, other additional or refresher training programs, or other meetings. Some of these are conducted online. Some of these are voluntary and your attendance is not required. However, you or your Managing Principal or General Manager, as applicable, must attend any mandatory seminars, programs or meetings we conduct. The mandatory additional training will not last more than three days at a time. You or your Managing Principal or General Manager must attend one regional meeting for your region and our annual national convention each calendar year if we hold these meetings. You or your Managing Principal or General Manager may also be required to attend up to one additional mandatory convention or meeting every calendar year, in addition to any mandatory regional meetings for your region and the annual national convention. We will give you at least 30 days prior written notice of any seminar, convention, program or

meeting that is deemed mandatory, unless your attendance is waived by us. (See Section 6.3 of Franchise Agreement.)

We currently do not charge a fee or costs for attendance at any mandatory seminar, national or regional convention or other mandatory meetings, but reserve the right to charge a fee in the future. However, unless we agree otherwise, if you do not attend the applicable seminar, convention or other mandatory meeting, you will be required to pay us $1,500 per missed event, and if you attend the applicable seminar, convention or other mandatory meeting but do not stay at the designated hotel or do not stay for the entire meeting or convention, you will pay us $750 per applicable event. You will be responsible for the cost of attending, including travel, meals and lodging expenses any seminars, international or regional conventions, continuing development programs, other additional or refresher training programs, or other meetings. If you, your Managing Principal or General Manager fail to attend a program at which attendance is deemed mandatory, we may, without waiving any other rights, require you, your Managing Principal or General Manager to attend and complete a make-up or alternative program at a location determined by us and you will be responsible the costs of the program. (See Section 6.3 of Franchise Agreement.)

All training programs are provided to protect our brand and the Marks and not to control the day-to-day operation of your Redline Gear Cleaning Business.

Advertising and Promotions

Local Advertising. To protect the standards of the System and brand, before using any promotional and advertising materials, you are required to submit to us or to our designated agency, for our prior written approval, all information pertaining to promotional materials and advertising initiated by you, including written advertisements, telephone directories, radio and television scripts, Internet sites, social media advertising, or any promotional creative materials. If we do not give you our written approval or disapproval of any advertising and promotional material submitted to us by you within seven business days from the date the information is received by us, the materials will be deemed approved as submitted.

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

We are not required to spend any amount on advertising in your Territory.

Regional Advertising Cooperatives or Programs. We currently have not created any regional advertising cooperatives or programs ("**Regional Advertising Programs**") and we currently have no plans to create any Regional Advertising Programs. We have not established any guidelines for the administration of those programs. If we create a Regional Advertising Program in the future, we will then determine how membership will be defined, how much franchisees must contribute to the program, whether company-owned or affiliate-owned Redline Gear Cleaning Businesses must contribute to the Regional Advertising Program, who will administer the program, what type of financial statements will be prepared for the program and provided to members, and our powers and rights to form, change, dissolve, and merge the program. If a Regional Advertising Program is created, any written governing documents related to the program will be made available for review by all franchisees in the region.

Brand Development Fund. We have established the Redline Gear Cleaning Brand Development Fund (the "**Brand Development Fund**"). You must contribute 2 percent of your Gross Revenues or the Minimum Monthly Gross Revenues, whichever is higher, to the Brand Development Fund. Payments into

the Brand Development Fund are in addition to the minimum Charitable Donation Expenditure requirements set forth below.

We will use the Brand Development Fund to conduct market research, focus groups and advertising studies and to create advertising and marketing materials for the entire network of businesses located in United States and in other countries (the "**Franchise Network**") and the Services and products sold by Redline Gear Cleaning Businesses, including local advertising material. We may also arrange for, and place and run advertisements and promotional materials in, local, regional and national media. The media in which we may place advertisements include any type of video, audio, and written media, such as direct mail, direct response literature, industry periodicals, television, radio, newspapers and magazines, social media, online media such as websites and apps, billboards, vehicle wraps, other signage or displays, and any other media that may currently exist or become available in the future. We use the Brand Development Fund to pay for any public relations services and projects, such as sponsorships that are intended to enhance the goodwill and public image of the Franchise Network. We may also use the Brand Development Fund to pay for industry-specific dues and programs. We may use the Brand Development Fund to reimburse our affiliate's cost for salaries and other overhead expenses related to the activities described above and also for maintaining our website as discussed below. We may use part of the Brand Development Fund contributions to maintain and further develop the website.

We may use outside advertising agencies and vendors or in-house personnel, or a combination of both, to develop, place, and otherwise administer advertising.

We will provide you with specimens or proofs of advertisements and promotional material paid for by the Brand Development Fund. If you wish to acquire and use these materials, you must pay for them. You must pay to reproduce, place and run any materials we developed using the Brand Development Fund for any local advertising campaign you pursue.

We may allocate the Brand Development Fund as we see fit. We do not guarantee that your Redline Gear Cleaning Business will benefit equally from the Brand Development Fund compared with other Redline Gear Cleaning Businesses. Redline Gear Cleaning Businesses that we or our affiliates own will contribute to the Brand Development Fund in the same amounts and manner as similarly situated businesses.

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

We may establish the Brand Development Fund as a non-profit corporation or other appropriate entity. If we establish a separate entity to administer the Brand Development Fund, and if we require it of you, you must become a member of the entity, sign a participation agreement and take other steps that we specify.

We may maintain a separate National Brand Fund for our franchisees located in other countries. We reserve the right to combine the Brand Development Fund with the National Brand Fund for any other country, to be used to promote the Services and/or products sold by franchisees on an international basis. The Franchisee Advisory Council, if established by us, may also be combined with the Franchisee Advisory Council established in any other country or region of the world. We have the right, in its sole discretion, to choose not to collect a Brand Development Fund Fee from franchisees in other countries or regions of the world, and to not maintain an advertising fund for those franchisees. Our choice to collect or to not collect a Brand Development Fund Fee or to establish or to not establish an advertising fund in other

countries or regions of the world will not in any way affect your obligation to pay the Brand Development Fund Fee.

Any portion of the Brand Development Fund that is not spend in the fiscal year it is collected will be carried over to next fiscal year and will be used for the same purposes described above. No portion of the Brand Development Fund will be spent to principally solicit new franchisees; except that the materials developed may include a brief statement that Redline Gear Cleaning franchises are available and the contact information for acquiring information about Redline Gear Cleaning franchises, and except that the Brand Development Fund may be used for the website which may include information and promotion for the sale of franchises.

During the 2023 fiscal year of the Brand Development Fund, 90 percent of the Brand Development Fund was spent on advertising and marketing production and media placement, and 10 percent was spent on administrative expenses. None of the Brand Development Fund was carried over to fiscal year 2024. No portion of the Brand Development Fund was retained by our affiliates or us. No portion of the Brand Development Fund was spent principally to solicit new franchise sales.

Charitable Donation Fee. We have established the Redline Gear Cleaning Charitable Donation Fund (the "**Charitable Donation Fund**"). You must contribute 1 percent of your Gross Revenues or the Minimum Monthly Gross Revenues, whichever is higher, to the Charitable Donation Fund.

We will use the Charitable Donation Fund to provide charitable donations to an organization(s) selected by us whose mission is to provide awareness and education about firefighter health, safety, and cancers.

Franchisee Advertising Council. We do not currently have a franchisee advertising council that advises on advertising policies. We may form a franchisee advertising council in the future on terms we establish, but we have no obligation to do so. Once a franchise advertising council is created, we may disband or terminate the council in our sole discretion.

Our Website

We may establish and maintain a website on the Internet to advertise and promote the franchise network and the Services and products that Redline Gear Cleaning Businesses offer (the "**Website**"). We may, at our option, expand the Website to include and facilitate the sale of franchises for Redline Gear Cleaning Businesses, or combine, link or otherwise connect the Website with other website(s) used to promote Redline Gear Cleaning Businesses located within or outside of the United States or to promote the sale of franchises. We have complete ownership and control over the Website's design and contents. We have no obligation to maintain the Website indefinitely and may discontinue it at any time.

We may include a series of interior pages on the Website that identify participating Redline Gear Cleaning Businesses by address. At your request and upon your execution of a terms of use agreement on a form we provide, we may include on our Website one or a series of interior pages containing dedicated information about your Redline Gear Cleaning Business. You can recommend the content of these page(s) in accordance with our guidelines, but the content must be developed by us or our webmaster at your expense, using a template that we provide, and will be subject to our approval prior as to form, content and programming quality. You will not have the capability to modify your page(s) except in corroboration with our webmaster and in compliance with our standards. You have no right, license or authority to use any of the Marks on or in connection with the Website, except as we provide and as is set forth in the Franchise Agreement. Other than our Website, you may not promote your business on or use any other website.

Our current website is www.redlinegearcleaning.com. We may establish additional Websites in the future.

Redline Intranet

We may establish and maintain an Intranet through which franchisees may communicate with each other and with us, and through which we may disseminate updates and supplements to the Operations Manual and other information, including providing access to the Redline Gear Cleaning database and to access service reports. We have no obligation to maintain the Intranet and may dismantle it or edit how it may be used at any time without liability to you.

If we establish an Intranet, we will establish policies and procedures for its use. These policies and procedures and other terms of use will address issues we deem relevant, including restrictions on the use of abusive, slanderous or otherwise offensive language communications; restrictions on communications between or among franchisees that encourage breach of any franchise agreement; confidential treatment of materials that we transmitted via the Intranet; password protocols and other security precautions; confidential treatment of materials that we transmitted via the Intranet; grounds and procedures for us to suspend or revoke a franchisee's access to the Intranet; and a privacy policy governing our access to and use of the electronic communications that franchisees post on the Intranet. As a condition of your access to the Intranet, you will acknowledge and agree that we can access and view any communication that anyone posts on the Intranet, and that the Intranet facility and all communications posted to it will become our property.

On the receipt of notice that we have established an Intranet, you must purchase and install all necessary additions to your Redline Gear Cleaning Business' Information Systems (defined below) and establish and continually maintain an electronic connection with the Intranet that allows us to send messages to and receive messages from you.

We may use part of the Technology Fee to develop, maintain and further expand the Intranet.

We may suspend your access to the Website and/or the Intranet for any breach of the Franchise Agreement.

National Accounts

We have the right to enter into agreements with customers under which Services and products will be delivered to multiple locations ("**National Accounts**") at negotiated rates ("**National Account Rates**"). National Accounts will include military bases and establishments. We reserve the right to bill and collect on such National Accounts. We have the sole discretion whether to execute a national account agreement with a particular customer, the manner of negotiation of that agreement, and the terms and conditions of that agreement. You may, but currently are not obligated to, provide Services and products to our National Accounts for those locations of the National Accounts within the Territory or any Adjacent Territory (as defined in Item 12 below). However, we reserve the right to make participation in any National Accounts program a mandatory part of the System, in which event you will be required to participate in the program.

On our request, you must notify us in writing whether you wish and intend to service a National Account in accordance with the terms of the National Account agreement, including but not limited to your acceptance of the applicable National Account Rates. If you inform us that you do not wish to participate in the National Account or if you fail to comply with the terms for the National Account program, we will have the right to provide or to authorize others to provide Services and products in accordance with the National Account agreement, even to those National Account locations that are within your Territory. If

we have billed and collected on a National Account, we will remit to you all amount due in accordance with the procedures described in the Operations Manual.

Computer Hardware and Software

General

You must acquire, install and use certain stationary and mobile electronic systems to collect, compute, store and report your Redline Gear Cleaning Business' Gross Revenues, other financial data and operating information. These include such items as computers, tables, peripheral equipment and related software programs we specified in the Operations Manual (the "**Information Systems**"). You must also install and continually maintain a broadband connection that facilitates communication between our computer system and your electronic systems, as specified above, and you must provide us continuing access to computer system and electronic systems. We currently require franchisees to install QuickBooks, Microsoft Office suite, including Microsoft Word and Microsoft Excel, and a web browsing program on their computer systems, but we may update our requirements from time to time as specified in the Operations Manual. You must obtain and use the latest generation of Apple iPad or other mobile device we may require for use in your Redline Gear Cleaning Business. We estimate that the total cost of purchasing the necessary computers, iPads and other computer systems ranges from $1,000 to $2,000.

While we currently do not do so, we reserve the right to independently electronically access your Redline Gear Cleaning Business' hardware and software system to obtain Gross Revenues data, as well as other financial and operating information through the Redline Intranet, which will be available to us 24 hours per day, seven days per week. Once established, you must maintain continual data network access to your Redline Gear Cleaning Business' software system for our use. There are no contractual limitations on our right to independently access any information or data.

We will provide an e-mail account to you. You are required to use only the e-mail account provided by us in the operation of your Redline Gear Cleaning Business. You may not use the e-mail account for any purpose not related to the operation of your Redline Gear Cleaning Business. You are required to check this e-mail account throughout the business day and to respond to any e-mail messages promptly. We reserve the right to discontinue providing this e-mail account in the future, in which event you will be required to maintain an e-mail account to be used in the operation of your Redline Gear Cleaning Business. You must pay us the Technology Fee for the e-mail account, the Website and Intranet sites, and other technology services we provide to you.

Except as described below, you do not have any obligation to obtain ongoing maintenance, repairs, upgrades or updates for your computers, other than you must at all times have the latest generation of Apple iPad or other mobile device that we may require. We may require you to maintain, upgrade, and update all electronic systems that are used to collect, computer, store and report a Redline Gear Cleaning Business' Gross Revenues, financial data, and other operating information that we specify in the Operations Manual. Except as described above, there are no contractual limitations on the frequency and the cost of your obligation to maintain, upgrade, and update your computer systems.

Operations Manual

We provide you information covering the proper operating and marketing techniques of a Redline Gear Cleaning Business (the "**Operations Manual**"). Our Operations Manual is maintained electronically and made available to you online. The table of contents of our Operations Manual is set forth in Attachment E. If the Operations Manual was printed, we estimate it would consist of approximately 100 total pages.

ITEM 12
TERRITORY

Territory

You will receive a designated protected territory (defined in this Disclosure Document as the "**Territory**") for your Redline Gear Cleaning Business that will generally consist of and be delineated as one or more states, counties, cities, zip or postal code areas, street boundaries or other designated geographical boundaries. If you want to acquire more than one Territory, you must purchase another franchise. As long as you are not in default of your Franchise Agreement, we will not operate, or permit another franchisee to operate, within your Territory.

Your Territory will be determined by you and us before you sign your Franchise Agreement and will be set forth in the Addendum to your Franchise Agreement. Your Territory will not be changed during the term of your Franchise Agreement.

You do not receive the automatic right to acquire additional franchises adjacent to your Territory. You may be granted, in our sole discretion, permission to sell or service customers in an unsold territory adjacent to your Territory (an "**Adjacent Territory**"). However, when an Adjacent Territory is granted to another franchisee, you must, upon receipt of written notice from us, cease all sales and service efforts within the Adjacent Territory, and deliver to us, within 10 days of notice, all customer and prospect information related to customers and prospects located in the Adjacent Territory.

The Franchise Agreement gives you no options, rights of first refusal, or similar options to acquire any additional franchises from us, although we may in our discretion offer you the right to acquire additional franchises in the future.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Your rights under the Franchise Agreement include authorization to operate your Redline Gear Cleaning Business under the Marks and in accordance with the System in your Territory.

Except as expressly stated above, you may not operate your Redline Gear Cleaning Business outside of your Territory without our prior written consent. In particular, you may not use other channels of distribution, such as the Internet, to make sales outside of your Territory. If you market, provide or sell any of the products or services of the Redline Gear Cleaning Business within the territory of any Redline Gear Cleaning Business owned by us, any affiliate of ours or any other franchisee of ours, without our prior written consent, we will have the right to terminate your Franchise Agreement effective immediately upon notice. Your use of any of the Marks or any element of the System in the operation of any other business or in any other channel of distribution without our express prior written authorization will constitute willful infringement of our rights in the Marks and the System.

Office

You will operate your Redline Gear Cleaning Business from your Office, which may be located in your residence as long as the home-based office meets the general guidelines of the Internal Revenue Service. If you elect to have your Office outside of your residence, it must be located in your Territory and it must be approved by us. The Office may not be relocated without our prior written consent. Currently, our only requirement for a relocation is that if you are relocating to an Office outside of your home, such location must be within your Territory. You must agree to comply with any additional standards established

by us from time to time regarding your Office within 30 days of receipt of written notice from us of such standards.

Reserved Rights

We and our affiliates reserve all rights that the Franchise Agreement does not expressly grant to you, including, without limitation:

(i) The right to establish, operate and license others to establish and operate Redline Gear Cleaning Businesses to be operated outside of the Territory;

(ii) The right to establish, operate and license others to establish and operate businesses which offer products or services which may be similar or identical to the products and Services offered in a Redline Gear Cleaning Business, which businesses are identified by marks other than the Marks, anywhere, including in your Territory; although neither we nor any affiliate of ours currently operates, franchises, or plans to operate or franchise such a business;

(iii) The right to service or authorize others to service National Accounts. You have the first right to provide Services and products to National Accounts in your Territory with our permission and in accordance with the terms of our National Accounts program, provided that if you elect not to participate or fail to comply with those terms, we may provide or authorize another franchisee to provide the Services for that National Account within your Territory;

(v) The right to advertise and promote the sale of the Services and products your Redline Gear Cleaning Business provides on the Internet whether inside or outside the Territory;

(vi) The right to license the use of the Marks and System to Area Representatives to operate Area Representative businesses at any location whether inside or outside the Territory; and

(vii) The right to acquire or be acquired by, or engage in any other transaction with, other businesses (competitive or not) with companies and/or units located anywhere, including arrangements where other units are (or are not) converted to the System or other format, or in which company-owned, franchised or other businesses (including your Redline Gear Cleaning Business) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, as a new concept, or as a separate concept in the Territory or any other location. You must fully cooperate with any of these conversions, at your sole expense.

We and our affiliates may exercise these rights without any compensation to you, even if they involve sales to your customers.

Minimum Monthly Gross Revenues

Beginning on the date set forth in the Addendum, which will be the first day of the seventh full calendar month after the effective date of your Franchise Agreement, you will be required to achieve minimum gross revenues on a monthly basis (the "**Minimum Monthly Gross Revenues**") as set forth below:

Full Month after Date of Commencement of Operations	Minimum Monthly Gross Revenues Per Territory
0 – 6 months	$-0-
7 – 12 months	$10,000
Greater than 12 months	$20,000

If you fail to achieve the Minimum Monthly Gross Revenues in any calendar month, you must pay us a Royalty Fee and Brand Development Fund Fee, and calculate your required minimum Charitable Donation Fund contribution, based on the Minimum Monthly Gross Revenues instead of your actual Gross Revenues. Further, if your total Gross Revenues over any 12-month period does not equal or exceed the total of the Minimum Monthly Gross Revenues for the same 12-month period, we will have the right to (i) terminate the Franchise Agreement, (ii) award additional franchises within the Territory or otherwise permit another franchisee to operate within the Territory, (iii) reduce the geographic size of the Territory, or (iv) any combination thereof, after providing notice to you.

If you have multiple Territories, you must meet the Minimum Monthly Gross Revenues in each Territory you own. If you fail to meet the Minimum Monthly Gross Revenues in any Territory, we may, in our sole discretion, terminate all of your Franchise Agreements for all of your Territories.

We have the right, in our sole discretion and on a case-by-case basis, to waive the obligation of you or any other franchisee to meet the Minimum Monthly Gross Revenues requirement or to pay any fees or make expenditures calculated based on the applicable Minimum Monthly Gross Revenues.

ITEM 13
TRADEMARKS

We grant you the non-exclusive right to operate a Redline Gear Cleaning Business under the Marks.

Our affiliate, HC Risk Reduction, has registered on the Principal Register (unless otherwise noted), the following Marks with the United States Patent and Trademark Office:

Mark Name	Registration Number	Registration Date	Register
MOBILE EXTRACTION UNIT	6,274,615	February 16, 2021	Supplemental
REDLINE	6,399,655	June 29, 2021	Principal
	6,451,448	August 17, 2021	Principal

HC Risk Reduction has granted us, in a License Agreement dated July 22, 2022 (the "**Trademark License Agreement**"), an exclusive, royalty-free license to use and to permit our franchisees to use the Marks anywhere in the world. The license is for 20 years commencing July 22, 2022, but it will automatically renew for successive 20-year periods if we do not materially breach the Trademark License Agreement by engaging in any activity that damages those Marks or the goodwill of those Marks. If the license is terminated, HC Risk Reduction has agreed to license the use of the Marks directly to our franchisees until each franchise agreement expires or is otherwise terminated.

HC Risk Reduction intends to file all required affidavits related to the registration of these Marks when needed and intends to renew the registrations of these Marks at the appropriate time.

In addition to those Marks listed above, HC Risk Reduction and we claim common law service or trademark rights to a number of other words, phrases, or designs that you may use in your Redline Gear Cleaning Business. The following statements apply solely to any unregistered trademarks and service marks: Neither we nor HC Risk Reduction has a federal registration for these principal trademarks. Therefore, these trademarks do not have as many legal benefits and rights as federally registered trademarks. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Under the Franchise Agreement, we grant you the right and license to use the Marks and the System solely in connection with your Redline Gear Cleaning Business. You may use our Marks only in the manner authorized and permitted by us and you may not directly or indirectly contest the ownership or rights of us in the Marks. You cannot use the name "Redline" or any similar name as part of your business name. You cannot use our Marks as part of an electronic address, domain name or on any websites on the Internet, or with modifying words, designs or symbols, except as we may license to you, without our prior written consent, which may be withheld for any reason. You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us. You must modify or discontinue your use of our Marks if we require the modification or discontinuance of them, at your expense.

There are presently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the trademark administrator of any state, or any court concerning pending infringement, opposition or cancellation, or other pending material litigation that apply to the Marks.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Marks, although we may do so if we believe it is in our best interest to protect the Marks and Systems. If litigation involving the Marks is instituted or threatened against you, the Franchise Agreement requires you to notify us promptly and cooperate fully with us in defending or settling the litigation, although the Franchise Agreement does not require that we take any affirmative action when notified of any litigation.

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

On the expiration or termination of your Franchise Agreement for any reason, you must immediately discontinue the use of all the Marks. You must also take appropriate action to remove the Marks from your Office and remove the Marks from the MEU used in your Redline Gear Cleaning Business.

If we modify or discontinue the use of the Marks, you must promptly comply with and adopt, at your own expense, all suchmodifications.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

Our President, Michael Matros, owns the registration of the following patents with the United States Patent and Trademark Office:

Patent Title	Registration Number	Type of Patent	Registration Date	Duration
Mobile Firefighter Gear Cleaner	11,578,455	Utility	February 14, 2023	20 years
Mobile Firefighter Gear Cleaner	11,879,203	Utility	January 23, 2024	20 years

Mr. Matros has granted us, in a license agreement dated effective July 22, 2022 (the "**Patent License Agreement**"), a non-exclusive license to use these patents (the "**Patented Materials**") anywhere in the world. The license is for the terms of the patents, if we do not materially breach the Patent License Agreement. If the license is terminated, we will have to cease using the Mobile Extraction Unit, or modify it and the Redline Gear Cleaning System so that it does not use the Patented Materials.

These Patented Materials are not licensed to you, but they are material to the franchise as you will use the MEU and the Redline Gear Cleaning System in your Redline Gear cleaning Business.

No currently effective litigation affects our use or ownership rights in the Patented Materials and there is no pending material litigation involving the Patented Materials. There are no currently effective material determinations of the United States Patent and Trademark Office or court, or any pending proceedings therein, regarding the Patented Materials.

No currently effective agreements limit our right to use or license the use of the Patented Materials, except that we may not violate the terms of the existing Patent License Agreement between Mr. Matros and us.

You must notify us immediately when you learn about an infringement of or challenge to the Patented Materials. We and Mr. Matros will have the right to take any action we deem appropriate and have the exclusive right to control any litigation, arbitration or administrative proceeding arising out of any infringement of, or challenge or claim to, any of the Patented Materials or in any way related to the Patented Materials, but we do not have any contractual obligation to protect the Patented Materials or defend you in such matters. Any damages or benefits arising out of any infringement, challenge or claim shall accrue exclusively to us.

If we require you to modify or discontinue using the subject matter of the Patented Materials that is included in the Redline Gear Cleaning System, you must do so. If this happens, we will not be liable for any costs, expenses or damages you incur as a result of our decision to modify or discontinue use of any Patented Materials. You must not directly or indirectly contest our right to the Patented Materials.

We do not know of any infringing uses that could materially affect the use of the Patented Materials.

No pending patent applications are material to the franchise.

Copyrights and Proprietary information

No copyrights, other than common law copyrights in the Operations Manual, are material to the franchise.

You can use the proprietary information in the Operations Manual only as permitted by your Franchise Agreement. You must maintain the confidentiality of our Operations Manual and adopt reasonable procedures to prevent unauthorized disclosure of it. You are required to promptly tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to this information as we think appropriate. Our right to use or license this information is not materially limited by any agreement or known infringing use. There are no determinations of any administrative office or any court regarding these copyrighted materials or the proprietary information.

We own all records concerning the customers, other service professionals of, and/or related in any way to, your Redline Gear Cleaning Business, including all databases (whether in print, electronic or other form), with customer and potential customer names, addresses, phone numbers and e-mail addresses, and customer purchase records. We may use or transfer these records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. (See Franchise Agreement, Section 15.9). We may contact any and/or all of your customers, suppliers and other service professionals for quality control, market research and any other purposes we deem appropriate, in our sole and absolute discretion.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of our copyrighted materials. However, we may take action to protect you against claims of infringement or unfair competition involving our copyrighted materials, when you are using them in compliance with your Franchise Agreement, if, in the opinion of our counsel, the circumstances justify our intervention. You are obligated to fully cooperate with us in any litigation we commence or defend related to our copyrighted materials. We will control all proceedings and litigation involving our copyrighted materials, except that you will control your defense if we have elected not to protect you against claims of infringement or unfair competition.

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

You must appoint a Managing Principal from among your Controlling Principals who meets our requirements and is approved by us to supervise and manage all aspects of your Redline Gear Cleaning Business and to deal exclusively with us or our staff, or you must employ a General Manager who is qualified to perform those services. Your Managing Principal or General Manager must meet our standards as described in the Operations Manual as updated occasionally. If you are an entity, we do not require any specific percentage of equity ownership be held by the Managing Principal, or any equity ownership be held by the General Manager. If you are an individual, we recommend, but do not require, your personal participation in the operation of the Redline Gear Cleaning Business.

Before rendering services to your Redline Gear Cleaning Business, the Managing Principal or General Manager, and any replacements for the Managing Principal or General Manager, must attend and complete, to our satisfaction, initial training conducted by us.

You are responsible for recruiting, appointing, hiring, firing, and supervising your employees, independent agents, and other representatives. You will have sole authority and control over the day-to-day operations of the Redline Gear Cleaning Business and its employees and representatives. You are solely responsible for implementing training and other programs for your employees and representatives related to the legal, safe, and proper performance of their work, regardless of the fact that we may provide advice, suggestions, and certain training programs. The advice, suggestions, and training we provide are to protect our brand and the Marks and not to control the day-to-day operation of your Redline Gear Cleaning Business.

You, or the Managing Principal or General Manager are required to devote substantial full time and best efforts on a daily basis, in person, to the supervision and conduct of the Redline Gear Cleaning Business.

We may require you to cause each of your officers, directors, partners or shareholders, your Managing Principal, and General Manager, and any member of your or their immediate families, as applicable, to execute our standard Nondisclosure and Noncompetition Agreement, a copy of which is attached to this Disclosure Document as Attachment B. You must provide us a copy of each Nondisclosure and Noncompetition Agreement at the time it is signed and thereafter upon our request. We make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

Unless waived by us, each individual who owns, directly or indirectly, an interest in the franchisee entity and each of their respective spouses, and any other individuals that we designate, must sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement. (See Exhibit II to Franchise Agreement.)

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your Redline Gear Cleaning Business and perform Services during the business hours and days of operation provided in the Operations Manual, unless we provide you a written exception. You must offer to your customers all of the Services and products we specify and set forth in the Operations Manual, which we may revise from time to time. You cannot offer any other products or services that are not authorized by us through your Redline Gear Cleaning Business. We have the right to change the authorized Services and other products and services without limitation, and you must promptly comply with the new requirements.

If we allow your Redline Gear Cleaning Business to participate in any new product or service test, you must participate in the test in accordance with our standards and must discontinue offering any product or service that we decide not to add permanently to the authorized list.

If you develop or suggest an innovation or improvement that we decide to incorporate into the System, either temporarily or permanently, the innovation or improvement will become our Confidential Information and property without compensation to you.

You must provide Services and products to customers in accordance with our standards.

Your Mobile Extraction Unit must be used solely for the operation of your Redline Gear Cleaning Business. You may not offer, sell or deliver any Services or products by or through any vehicle other than the MEU.

We impose restrictions limiting your access to customers outside of your Territory and to National Account customers within your Territory, as discussed in Items 11 and 12 above,

Except as described above, there are no other restrictions on the customers to whom you may sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of franchise term	Section 3.1	5 years.
b. Renewal or extension of term	Sections 3.2, 3.3 and 3.4	If you are in good standing you can renew for additional terms of 5 years each.
c. Requirements for franchisee to renew or extend	Sections 3.3 and 3.4	Between 120 and 180 days' notice; sign the current form of the Franchise Agreement (which may contain terms and conditions materially different from your original Franchise Agreement); pay successor franchise fee; be in compliance with current Franchise Agreement; be current in payments; satisfy current standards for new franchisees; modify your Redline Gear Cleaning Business and operations to conform with current Operations Manual; execute a Successor Franchise Rider (which includes, except where prohibited by law, a release).
d. Termination by franchisee	Section 18.4	Upon our breach of the Franchise Agreement, if you provide us with written notice within 30 days of the breach and a reasonable opportunity to cure of not less than 90 days.
e. Termination by franchisor without cause.	Section 18.3	We can terminate at our option if there is a force majeure event that prevents us from performing our obligations under the Franchise Agreement and continues for longer than six months.
f. Termination by franchisor with cause	Sections 18.1 and 18.2	We can terminate if you commit any one of several listed violations. A termination of the Franchise Agreement due to a default by you may permit us to terminate all other agreements you have with us.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. "Cause" defined – curable defaults	Section 18.2	You have 7 days to cure the filing of a legal action in violation of the dispute resolution terms in the Franchise Agreement; 10 days to cure misuse of Marks, non-payment of fees, non-submission of reports, failure to meet minimums; and 30 days to cure any other default not listed in Section 18.1 or 18.2 (subject to modification by state law). If we provide you with a notice of default, we and our affiliates may suspend services to you until each default is cured.
h. "Cause" defined -non-curable defaults	Section 18.1	Non-curable defaults include: unauthorized disclosures, repeated defaults even if cured, abandonment, bankruptcy, criminal conviction, unapproved transfers, sexual harassment or discrimination, under-reporting of Gross Revenues on two or more occasions, servicing a customer in the territory of another Redline Gear Cleaning Business; breach of related agreement, a guaranty becomes unenforceable or inadequate; others.
i. Franchisee's obligations on termination/non-renewal	Section 18.5	On termination: discontinue use of Marks and complete de-identification; return of proprietary materials, including the Operations Manual; payment of amounts due; if terminated due to your default, payment of an amount equal to the Royalty Fees based on the greater of (i) an amount equal to your actual average Gross Revenues for the 12 months prior to the date of termination multiplied by the number of months remaining on the term of the Franchise Agreement had it not been terminated, but not to exceed 36, or (ii) the total of the Minimum Monthly Gross Revenues for each month from the date of termination until the lesser of the remaining term of the Franchise Agreement or 36 months; inspection of books; others. We have the right to purchase your MEU for its fair market value. See also item "r" below.
j. Assignment of contract by franchisor	Section 17.1	We may transfer any or all of our rights and obligations under the Franchise Agreement or any ownership interest in us without your consent.
k. "Transfer" by franchisee - defined	Section 17.2	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by franchisee	Sections 17.2 and 17.3	We must approve all transfers prior to any transfer or attempted transfer.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	Section 17.3	Our consent to a Transfer may be conditioned on the following: full compliance with the Franchise Agreement and all other agreements with us or our affiliates; return of the Operations Manual and all proprietary materials; transferee meets our qualifying criteria for a new franchisee; you furnish us with a copy of the contract of sale; we determine that the transferee can satisfy any debt obligations and still derive a profit; transferee signs our current form of Franchise Agreement (which may contain terms and conditions materially different from the original Franchise Agreement); transferee upgrades the Office and MEU to our then-current standards; new Owners sign a Personal Guaranty and Nondisclosure and Noncompetition Agreement; transferee and its Managing Principal (or General Manager) complete our training program; you provide a written transfer request containing such information and materials as we designate; Transfer Fee paid; and you provide a general release of claims you may have against us or our affiliates.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 17.5	We can match any offer for your business within 30 days.
o. Franchisor's option to purchase franchisee's business	Section 18.10	Upon termination of your Franchise Agreement, we have the option (but not the obligation) to purchase your Redline Gear Cleaning Business, or any portion thereof, including your MEU, equipment, supplies or inventory.
p. Death or disability of franchisee	Section 17.4	Your estate or legal representative must apply to us for the right to transfer to the next of kin within 180 days.
q. Non-competition covenants during the term of the franchise	Sections 20.1 and 20.3	You and your Controlling Principals are prohibited from owning, operating or performing service for a competing business (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires.	Sections 20.2 and 20.3	No competing business for 36 months within 250 miles from the closest point to the former Territory or the territory of another Redline Gear Cleaning Business (including after assignment) (subject to state law).

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
s. Modification of the Agreement	Section 23.1	Operations Manual is subject to change at any time; the Franchise Agreement may be modified by a writing signed by both parties or, at our option, upon approval of 75% of our franchisees affected by the modification (subject to state law).
t. Integration/merger clause	Section 23.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). No other representations or promises will be binding. Notwithstanding the foregoing, nothing in any franchise agreement or in any other related written agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Article 22	Except for certain claims, all disputes must be arbitrated in the state and county of our headquarters at the time the action is commenced, currently Marlborough, Massachusetts (subject to state law).
v. Choice of forum.	Section 22.5	All court actions, if permitted, must be brought in a state court in the Middlesex County, Massachusetts or federal court in Massachusetts (subject to state law). If a claim can be brought in court, both you and we agree to waive our rights to a jury trial.
w. Choice of law	Section 22.5	The Franchise Agreement is governed by and enforced in accordance with the laws of the Commonwealth of Massachusetts (subject to state law). The Massachusetts Consumer Protection Act does not apply.

Certain states have statutes that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise. Certain states may also have court decisions that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise. See the State Specific Addenda, which is attached to this Disclosure Document as Attachment J.

ITEM 18
PUBLIC FIGURES

We do not employ any public figure or celebrity in our management, nor do we use a public figure or celebrity to promote our franchises.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for

the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ron Matros at 51 Lacombe Street, Unit 4, Marlborough, Massachusetts 01752, (844) 773-7356, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

ITEM 20 TABLE NO. 1
Systemwide Outlet Summary
For Years 2021 to 2023[1]

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised[2]	2021	0	0	0
	2022	0	0	0
	2023	0	1	+1
Company-Owned[3]	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	**2021**	**1**	**1**	**0**
	2022	**1**	**1**	**0**
	2023	**1**	**2**	**+1**

(1) Each year period begins on January 1 and ends on December 31.

(2) We sold our first franchise in February 2023.

(3) Includes our Affiliate, HC Risk Reduction.

ITEM 20 TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023[1]

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Totals	**2021**	**0**
	2022	**0**
	2023	**0**

(1) Each year period begins on January 1 and ends on December 31.

ITEM 20 TABLE NO. 3
Status of Franchised Outlets
For Years 2021 to 2023[1)(2)]

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reasons	Column 9 Outlets at the End of the Year
Colorado	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
TOTALS	**2021**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**1**	**0**	**0**	**0**	**0**	**1**

(1) Each year period begins on January 1 and ends on December 31.
(2) We sold our first franchise in February 2023.

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets
For Years 2021 to 2023[(1)(2)]

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Massachusetts	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	**2021**	**1**	**0**	**0**	**0**	**0**	**1**
	2022	**1**	**0**	**0**	**0**	**0**	**1**
	2023	**1**	**0**	**0**	**0**	**0**	**1**

(1) Each year period begins on January 1 and ends on December 31.
(2) Includes our Affiliate, HC Risk Reduction.

ITEM 20 TABLE NO. 5
Projected Openings as of December 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
California	0	1	0
Florida	0	1	0
Illinois	1	0	0
New Jersey	1	0	0
New York	0	1	0
Texas	0	1	0
Virginia	1	0	0
Total	**3**	**4**	**0**

A list of names, addresses and telephone numbers of all of our franchisees are listed in Attachment F to this document. The name and last known city, state, and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this document are listed in Attachment G. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the franchise. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the last three fiscal years no franchisees have signed confidentiality clauses that would restrict their ability to speak openly about their experiences with us.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Attachment H are our audited financial statements as of December 31, 2023 and December 31, 2022. We have not been selling franchises for three years or more and do not have financial statements for the last three fiscal years. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts:

Attachment A	Franchise Agreement
Attachment B	Nondisclosure and Noncompetition Agreement
Attachment C	Statement of Prospective Franchisee

ITEM 23
RECEIPT

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

ATTACHMENT A
(TO DISCLOSURE DOCUMENT)

FRANCHISE AGREEMENT
WITH EXHIBITS

FRANCHISE AGREEMENT

Franchisee: _____

Date: _____

REDLINE GEAR CLEANING FRANCHISE CORP.
FRANCHISE AGREEMENT
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II. GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS
III. STATEMENT OF OWNERSHIP
IV. COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS AND INTERNET ADDRESSES
V. STATE RIDERS

REDLINE GEAR CLEANING FRANCHISE CORP.
FRANCHISE AGREEMENT

THIS AGREEMENT ("**Agreement**") is made effective as of the date set forth on the signature page hereof, between **REDLINE GEAR CLEANING FRANCHISE CORP.,** a Delaware corporation ("**Redline**"), and the franchisee named on the signature page of this Agreement ("**Franchisee**"), who, on the basis of the following understandings and in consideration of the following promises, agree as follows:

1. BACKGROUND AND PURPOSE

1.1. Background.

Redline has developed and owns a unique system for establishing, operating and marketing businesses ("**Redline Gear Cleaning Businesses**") that provide mobile on-site cleaning and inspection of firefighter personal protective equipment (the "**Services**") using a specially equipped, customized truck (a "**Mobile Extraction Unit**", or "**MEU**") under the mark REDLINE®, related service marks, trademarks, logos and trade names (collectively the "**Marks**") and using Redline's unique system for operating the business and related licensed methods of doing business ("**System**"). Redline grants the right and license to qualified individuals and entities to use the Marks and System to establish and operate Redline Gear Cleaning Businesses.

1.2. Purpose.

Franchisee desires to establish a Redline Gear Cleaning Business and Redline desires to grant Franchisee the right and license to operate Redline Gear Cleaning Business under the terms and conditions contained in this Agreement.

2. GRANT OF FRANCHISE

2.1. Grant of Franchise.

Redline grants to Franchisee, and Franchisee accepts from Redline, (i) a non-exclusive right and license to open and operate a Redline Gear Cleaning Business, and (ii) a non-exclusive license to use the Marks solely in connection with the establishment and operation of a Redline Gear Cleaning Business.

2.2. Scope of Franchise Operations.

Franchisee shall use its best efforts to promote the Redline Gear Cleaning Business. Franchisee agrees to use the Marks and System, as they may be changed, improved and further developed by Redline from time to time, only in accordance with the terms and conditions of this Agreement, including the Addendum to Franchise Agreement ("**Addendum**"), which is attached as Exhibit I, and the other Exhibits to this Agreement, which are attached to, and incorporated into, this Agreement.

3. TERM AND EXPIRATION

3.1. Term.

The term of this Agreement is for a period of five years from the commencement of business as evidenced by the date this Agreement is executed by Redline, unless sooner terminated as provided

herein. Franchisee agrees to operate the Redline Gear Cleaning Business for the entire term of this Agreement.

3.2. Continuation.

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

3.3. Successor Franchise.

Provided Franchisee is not in default at either the time of its notice of exercise of its successor franchise rights or at the time of the grant of the successor franchise rights, at the end of the term of this Agreement, Franchisee will have the option to obtain a successor franchise for two additional terms of five years each, by acquiring successor franchise rights, provided that Franchisee has met all of the following requirements:

a. Franchisee executes Redline's then current form of Franchise Agreement, which may have terms substantially different than those set forth in this Agreement, within 30 days after Franchisee's receipt of such Franchise Agreement from Redline.

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

c. Franchisee satisfies the then current standards applicable to all new Redline franchisees.

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

e. Franchisee executes a successor franchise rider in the form then in use by Redline, which, unless prohibited by law, includes a general release of any and all claims against Redline and its affiliates, and their respective officers, directors, employees and agents.

f. Franchisee pays to Redline a successor franchise fee in the amount of $7,500.00, which is due and payable upon execution of Redline's then current Franchise Agreement and will be nonrefundable under all circumstances once paid. Except for the successor franchise fee described in the preceding sentence, an initial franchisee fee will not be charged upon execution of the successor Franchise Agreement and successor franchise rider. If Franchisee is exercising the successor franchise rights for multiple Territories, Franchisee must pay the successor franchise fee for each individual Territory.

3.4. Exercise of Option for Successor Franchise.

Franchisee may exercise its option for a successor franchise by giving written notice of such exercise to Redline not less than 120 days nor more than 180 days prior to the scheduled expiration of this Agreement, and submits to Redline all information requested by Redline regarding the operations of the Redline Gear Cleaning Business and required by this Agreement. Franchisee's successor franchise rights will become effective upon the later of (i) Franchisee's compliance with **Section 3.3** above or (ii) the expiration of this Agreement. Redline will provide Franchisee with copies of the then current Franchise Agreement and successor franchise rider within 30 days of Franchisee's notice of exercise of its option for a successor franchise. If Franchisee fails to execute and deliver the successor Franchise Agreement and successor franchise rider to Redline within 30 days after Franchisee's receipt thereof from Redline, then Franchisee shall be deemed to have irrevocably declined to exercise its option for a successor franchise and the Franchisee's option for a successor franchise shall terminate as of such date.

4. TERRITORY; MOBILE EXTRACTION UNIT; OFFICE

4.1. Territory.

a. Redline designates a protected territory as set forth in the Addendum (the "**Territory**") in which Redline agrees it will not operate or franchise a third party to operate a Redline Gear Cleaning Business, except as set forth in **Section 4.4** below. The Territory consists of one or more states, counties, cities, zip or postal code areas, street boundaries or other designated geographical boundaries as described in the Addendum. The Territory may not be changed or relocated without the prior written consent of Redline. Franchisee shall limit the operation of its Redline Gear Cleaning Business to providing Services to customers located within the Territory. As long as Franchisee is not in default of this Agreement, Redline will not operate, or permit another franchisee to operate, within the Territory.

b. Notwithstanding **Section 4.1.a** above to the contrary, Franchisee may be granted, at Redline's sole discretion, express written permission to provide Services to customers located in an unsold territory adjacent to Franchisee's Territory (an "**Adjacent Territory**"), provided, that Franchisee agrees that when the Adjacent Territory is granted to another franchisee by Redline, Franchisee will, upon receipt of written notice from Redline, cease all of its sales and service efforts within the Adjacent Territory and deliver all customer and prospect lists relating to the Adjacent Territory to Redline within 10 business days of such notice.

c. Franchisee is prohibited from using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of the Territory, without Redline's prior written consent.

4.2 Mobile Extraction Unit Facility.

Franchisee must store its MEU in a secure indoor facility, such as a garage facility, generally located in an industrial/warehouse park ("**MEU Storage Facility**") located in the Territory. The MEU Storage Facility must be in place prior to delivery of the MEU. Franchisee will need approximate 1,250 square feet of storage space, with a minimum of 14 feet high, 12 feet wide garage door. Franchisee will need access to water and electricity, and if the MEU Storage Facility is located in a colder climate area, it should be heated. These facilities are generally leased. Franchisee must obtain Redline's prior written consent to the MEU Storage Facility. Once the MEU Storage Facility is approved by Redline, its address will be set forth in the Addendum or the Location of MEU Storage Facility and/or Office and Commencement of Operations Supplement to the Addendum. Once selected, the MEU Storage Facility may not be relocated without the prior written consent of Redline, which consent will not be unreasonably

withheld. Unless extended by Redline, Franchisee must select and acquire its MEU Storage Facility within 90 days following the effective date of this Agreement. Franchisee agrees to comply with any additional standards established by Redline from time to time regarding Franchisee's MEU Storage Facility within 30 days of receipt of written notice from Redline of such standards.

4.3. Office.

Franchisee's Redline Gear Cleaning Business will be operated from a location selected by Franchisee ("**Office**"), which may be located in Franchisee's or its Managing Principal's (as defined in **Section 6.1**, below) home as long as the home-based office meets the general guidelines of the Internal Revenue Service. The Office is designated in the Addendum or the Location of MEU Storage Facility and/or Office and Commencement of Operations Supplement to the Addendum. If Franchisee elects to have an office outside of Franchisee's or its Managing Principal's residence, the Office must be located in the Territory and meet Redline's then current standards. Franchisee is solely responsible for selecting and acquiring the premises for its Office. Redline does not have current standards for the Office, except that any Office outside of Franchisee's home must be located in the Territory. Redline reserves the right to establish additional standards in the future, in which case Franchisee must comply with those standards. If Franchisee elects to have an Office outside of its or its Managing Principal's home, Franchisee must obtain Redline's prior written consent to the Office. Unless extended by Redline, Franchisee must select and acquire an Office within 90 days following the effective date of this Agreement. An Office located outside of Franchisee's or it's Managing Principal home may not be relocated without the prior written consent of Redline. Franchisee agrees to comply with any additional standards established by Redline from time to time regarding Franchisee's Office within 30 days of receipt of written notice from Redline of such standards.

4.4. Redline's Reservation of Rights.

a. Franchisee understands and agrees that Redline has and retains all rights not specifically granted to Franchisee under this Agreement, including: (i) the right to establish, operate and license others to establish and operate Redline Gear Cleaning Businesses to be operated anywhere outside of the Territory; (ii) the right to establish, operate and license others to establish and operate businesses which offer services or products which may be similar or identical to the Services or products offered in a Redline Gear Cleaning Business, which businesses are identified by marks other than the Marks, whether or not they are located, operate from premises or deliver Services or products to customers within or outside of the Territory; (iii) the right to service or authorize others to service National Accounts in accordance with **Section 14.3**, below; (iv) the right to advertise and promote the sale of the Services and products Redline Gear Cleaning Business provides on the Internet whether inside or outside the Territory; and (vi) the right to license the use of the Marks and System to area representatives of Redline ("**Area Representatives**") to operate Area Representative businesses at any location whether inside or outside the Territory.

b. Redline can acquire or be acquired by, or engage in any other transaction with, other businesses (competitive or not), companies, or units located anywhere, including arrangements where other units are (or are not) converted to the System or other format, or in which company-owned, franchised or other businesses (including Redline Gear Cleaning Businesses) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, as a new concept, or as a separate concept in the Territory or any other location. Franchisee must fully cooperate with any of these conversions at Franchisee's sole expense.

5. INITIAL FEES

5.1. Initial Franchise Fee.

Franchisee will pay Redline an initial franchise fee in the amount set forth in the Addendum (the "**Initial Franchise Fee**"), which shall be due and payable as set forth in the Addendum. Franchisee acknowledges and agrees that the Initial Franchise Fee represents payment for the initial grant of the rights to use the Marks and System, that Redline has earned the Initial Franchise Fee upon receipt thereof, and that the Initial Franchise Fee is not refundable to Franchisee once paid.

5.2. NFPA Certification Assistance Fee.

Franchisee will pay Redline a fee of $1,000 for Redline's assistance in obtaining Franchisee's National Fire Protection Association ISP certification as described in **Section 8.1.h**. This fee shall be due and payable prior to Franchisee taking the certification exam and is not refundable to Franchisee once paid.

6. TRAINING

6.1. Initial Training Program.

Franchisee (or if Franchisee is an entity, a managing partner, member or shareholder consented to by Redline (a "**Managing Principal**")), or, if Redline determines Franchisee does not have sufficient experience in a business similar to a Redline Gear Cleaning Business or sufficient experience in business management in general to operate the Redline Gear Cleaning Business, or if Franchisee or its managing partners, members, or shareholders do not desire to service in this management position, a fully trained and qualified general manager (the "**General Manager**"), if applicable, shall attend and complete the initial business training program (the "**Initial Training Program**") to Redline's satisfaction prior to opening Franchisee's Redline Gear Cleaning Business. In addition to the Franchisee, Managing Principal, or General Manager, and with the approval of Redline, Franchisee may have three other persons (for a total of four attendees) attend the Initial Training Program. Franchisee shall be responsible for all wages, travel and living expenses incurred by itself, its Managing Principal, General Manager, and any other employee attending the Initial Training Program. If, under the terms of this Agreement or otherwise, Franchisee needs or desires to have persons attend the Initial Training Program after Franchisee's attendance of the Initial Training Program, then Franchisee must pay the then current tuition charged by Redline for those persons, in addition to all wages, travel and living expenses incurred in connection with their attendance at the Initial Training Program. If this Agreement is for Franchisee's second or subsequent franchise, Redline may, in its sole discretion, waive some or all of the Initial Training Program.

6.2. Length of Training.

The Initial Training Program shall be conducted approximately 30 days prior to the opening of Franchisee's Redline Gear Cleaning Business. The Initial Training Program will consist of approximately five days of instruction at Redline's training facilities, currently in the Marlborough, Massachusetts metropolitan area, or another location designated by Redline. Redline reserves the right to waive all or a portion of the Initial Training Program or to alter the training schedule, if in Redline's sole discretion, Franchisee, its Managing Principal, or its General Manager, as applicable, has sufficient prior experience.

6.3. Additional Training.

a. If Redline determines at any time during the term of this Agreement that Franchisee, its Managing Principal, or its General Manager requires training in addition to the Initial Training Program, or if Franchisee requests such additional training, then Redline will provide notice to Franchisee of such necessary additional training, and Redline will conduct such additional training program(s) at a location designated by Redline. Franchisee will be responsible for paying the travel, lodging and other costs for Franchisee or its Managing Principal, General Manager, or other representatives, and shall pay Redline its standard fees for conducting additional training in accordance with Redline's standard fee schedule, which fees may be changed from time to time upon 30 days' notice to Franchisee.

b. From time to time, Redline may conduct additional meetings, seminars, conventions, and training programs. Some of these may be conducted online. Franchisee or its representatives may attend such programs at their own expense and shall attend such programs for which Redline has determined that Franchisee's attendance is required. Redline will not require Franchisee to attend any such programs lasting more than three days at a time; provided, however, that this limitation shall not include annual conventions or regional training programs or meetings, or online meetings. Redline will give Franchisee at least 30 days prior written notice of any ongoing seminar, convention, program or meeting being held at which Franchisee's attendance is required. Franchisee or its representatives as designated by Redline will be required to attend Redline's annual convention, which may be held at Redline's Marlborough, Massachusetts metropolitan area headquarters or at another location selected by Redline. Franchisee and its representatives will be required to stay at the hotel where the primary functions are held, unless Redline, in its sole discretion, otherwise agrees.

c. Redline does not currently charge a fee or its costs for any additional mandatory meeting, training program, seminar or convention but reserve the right to charge a fee in the future upon 30 days' notice to Franchisee. However, unless Redline agrees otherwise, if Franchisee, its Managing Principal, or its General Manager fails to attend the applicable mandatory training meeting, training program, seminar or convention, Franchisee will be required to pay a no show fee of $1,500 per missed event. If Franchisee does not stay in the designated hotel, Franchisee shall pay a designated hotel fee of $750 per event. Any fees due to missing all or some of a training program, seminar, regional meeting or annual convention or for not staying at the hotel where the primary functions are held, shall be invoiced to Franchisee within 15 days of completion of the applicable program, seminar, meeting or convention and shall be due within 15 days thereafter. If Franchisee or its applicable representative fails to attend a program at which attendance is deemed mandatory by Redline, Redline may, at its sole discretion, and without waiving any other rights Redline may have hereunder, require Franchisee or its applicable representative to attend and complete a make-up or alternative program at a location determined by Redline. Franchisee will be responsible for paying all wages, travel, lodging and other costs, and for paying Franchisee's registration fee for the program.

d. Franchisee will also be responsible for all wages, travel and living expenses associated with the attendance of Franchisee, its Managing Principal, its General Manager, and all other persons associated with Franchisee at each training program, seminar, regional meeting or annual convention.

6.4. Release.

Franchisee, for itself and its agents, heirs, legal representatives, successors and assigns, forever releases, waives, discharges and holds Redline and any of its affiliated companies, directors, officers, employees and agents harmless from any and all claims, demands, causes of actions, loss, damage or injury, including attorneys' fees and costs, on account of, arising out of or attributable to Franchisee's attendance at or participation in any seminar, convention, program or meeting, or other company function

or activity, including but not limited to the Initial Training Program, any national or regional meetings, other required or non-required training programs, or annual conventions, held or sponsored by or for Redline or the travel to or from such programs.

7. FRANCHISEE'S DEVELOPMENT OBLIGATIONS

7.1. Mobile Extraction Unit.

Franchisee must acquire an approved Mobile Extraction Unit from a vendor approved and designated by Redline, which may be an affiliate of Redline, for use in Franchisee's Redline Gear Cleaning Business. The MEU must at all times be kept in good condition, painted and decaled or wrapped with the signage specified by Redline, and kept clean and free from rust, dents, scratches or other damage. The MEU must have installed the equipment and tools necessary to provide the Services to customers at the customer's location. All equipment located in the MEU must be kept in good working condition. Franchisee will be required to continuously maintain its MEU in accordance with the manufacturer's recommended maintenance schedule, and Franchisee must enter into and maintain in any preventative maintenance programs required by Redline for the MEU. Franchisee's employees must use an MEU each time the employee goes to a customer's sites to perform the Services. The MEU may only be used in the operation of Franchisee's Redline Gear Cleaning Business and not for any other purpose.

7.2. Computer Equipment and Telephones.

a. The MEU will come equipped with the latest version of iPad, or such other mobile device required by Redline, which Franchisee shall use when at the customer's site. Franchisee may acquire additional iPads or other mobile devices for use in its Redline Gear Cleaning Business.

b. In addition to any iPads or other mobile devices acquired by Franchisee, Franchisee is required to own and operate a computer to be used in the Office with software meeting Redline's minimum specifications. Redline's minimum specifications currently require a computer capable of operating QuickBooks, Microsoft Office suite, including Microsoft Word and Microsoft Excel, with a web browsing program and a high-speed Internet connection. Currently, an Apple Mac or equivalent computer is permitted.

c. Redline will provide an e-mail account to Franchisee. Franchisee is required to use only the e-mail account provided by Redline in the operation of its Redline Gear Cleaning Business, and Franchisee may not use the e-mail account for any purpose not related to the operation of its Redline Gear Cleaning Business. Franchisee is required to check such e-mail account throughout the business day from any location, including job sites, using the required computer, iPad or other mobile device for receiving and sending e-mail messages promptly. Redline reserves the right to discontinue providing the e-mail account in the future, in which event Franchisee will be required to maintain an e-mail account to be used in the operation of the Redline Gear Cleaning Business.

d. Franchisee shall add, eliminate, substitute or modify any computer equipment, software, telephones, fax software, and other similar equipment upon notice from Redline of changes in Redline's specifications and requirements.

e. Redline reserves the right to independently electronically access any of Franchisee's computer or software systems used in the Redline Gear Cleaning Business and Franchisee's e-mail account.

7.3. Authorized Representatives.

Franchisee will be solely responsible for recruiting, appointing, hiring, firing, and supervising its employees to conduct the Services and the Redline Gear Cleaning Business, to assist in the answering of its phones, booking of jobs with customers, employment applications, paperwork check-in, and other similar customer service and office duties, and other authorized representatives of the Redline Gear Cleaning Business (collectively referred to as "**Authorized Representatives**"). These Authorized Representatives will be employees or agents of Franchisee, and they are not employees or agents of Redline. Franchisee is solely responsible for implementing training and other programs for employees and other Authorized Representatives related to the legal, safe, and proper performance of their work, regardless of the fact that Redline may provide advice, suggestions, and certain training programs as described in this Agreement. Such advice, suggestions, and training by Redline are provided to protect Redline's brand and the Marks and not to control the day-to-day operation of Franchisee's Redline Gear Cleaning Business. Franchisee will keep Redline informed of the names, addresses and telephone numbers of all Authorized Representatives. Franchisee shall cause each Authorized Representative to execute Redline's standard Nondisclosure and Noncompetition Agreement.

7.4. Commencement of Operations.

Franchisee shall be deemed to have commenced operations on the date set forth in the Addendum, which shall in no event be later than 90 days following delivery of the MEU to Franchisee.

7.5. Active Operations.

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

8. DEVELOPMENT ASSISTANCE

8.1. Redline's Development Assistance.

Prior to or simultaneously with the opening of the Franchisee's Redline Gear Cleaning Business, Redline or its designee will provide Franchisee with the following assistance:

a. Designate Franchisee's protected Territory.

b. Provide Franchisee with Redline's standards for purchasing or leasing and equipping Franchisee's MEU, including assisting Franchisee with choosing the preferred model for Franchisee's Redline Gear Cleaning Business.

c. Provide Franchisee specifications for the signs, graphics and other items related to the proper usage of the Marks.

d. Approve Franchisee's MEU Storage Facility and Office, if applicable.

e. Provide Franchisee with access to Redline's proprietary and/or approved software, if applicable, an e-mail account, an Internet site for prospective customers, and an Intranet site for Franchisee and other franchisees of Redline, and other optional technology services offered by Redline

and Franchisee elects to receive. Redline reserves the right to discontinue providing the e-mail account, Intranet site and other optional technology services at any time in its sole discretion. Franchisee acknowledges that the Internet site will also include information for prospective franchisees regarding purchasing a Redline Gear Cleaning Business franchise.

f. Provide Franchisee with a list of approved and required inventory items, consisting of inventory and supplies needed to stock the MEU and to perform the Services, along with a list of any designated or approved suppliers for such items.

g. Provide initial training for Franchisee or its Managing Principal, General Manager and other employees up to a maximum of four persons.

h. Provide Franchisee with assistance in obtaining Franchisee's National Fire Protection Association ISP certification.

i. Loan Franchisee one copy of Redline's Operations Manual in accordance with **Article 9** below, which may be provided electronically, online or by any other means Redline may choose.

j. Provide guidance in implementing Franchisee's marketing programs, operating and sales procedures. This guidance may include providing Franchisee with a list of information about tasks Franchisee will need to complete to establish its business, and assisting Franchisee in completing those tasks.

9. OPERATIONS MANUAL

9.1. Operations Manual.

Redline agrees to loan to Franchisee one or more books, manuals, technical bulletins, memoranda or other supplemental written materials, in whatever form (including electronic form), prepared by or on behalf of Redline for use by franchisees generally or for Franchisee in particular (all referred to in this Agreement as the "**Operations Manual**") covering the proper operating and marketing techniques of Franchisee's Redline Gear Cleaning Business. The Operations Manual is designed to protect Redline's reputation and the goodwill of the Marks, it is not designed to control the day-to-day operations of Franchisee's Redline Gear Cleaning Business. Redline may modify the Operations Manual at Redline's discretion. At Redline's sole discretion, it may make the Operations Manual, or any updates or revisions thereto, available online. Franchisee agrees that it will comply with the Operations Manual as an essential aspect of its obligations under this Agreement.

9.2. Confidentiality of Operations Manual Contents.

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

9.3. Changes to Operations Manual.

Redline reserves the right to revise the Operations Manual from time to time as it deems necessary. Franchisee, within five business days of receiving any updated information or electronic notifications of such updated information, will update its copy of the Operations Manual as instructed by Redline and will conform its operations to the updated provisions. A master copy of the Operations Manual maintained by Redline at its principal office, regardless if maintained electronically or otherwise, will be controlling in the event of a dispute regarding the content of any Operations Manual.

10. OPERATING ASSISTANCE

10.1. Redline's Available Services.

Redline agrees that, during Franchisee's operation of the Redline Gear Cleaning Business, and provided Franchisee is in compliance with the terms of this Agreement, Redline or its designee will provide to Franchisee the following assistance and services:

a. Provide Franchisee advice and assistance as Redline deems advisable and planning publicity and promotions for Franchisee's Redline Gear Cleaning Business promotion, including advice on print media and display advertising.

b. Make a member of Redline's staff, designated as Franchisee's liaison, accessible to Franchisee or Franchisee's Managing Principal to the extent Redline deems advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication regarding operational questions and issues.

c. As Redline deems appropriate, Redline may visit Franchisee's Office, MEU Storage Facility, or a job site to conduct reviews and to consult with Franchisee or Franchisee's Managing Principal regarding compliance with Redline's System standards.

d. Loan Franchisee any additions or supplements to the Operations Manual as they are made available and disclose to Franchisee any additional trade secrets Redline develops, if any, that relate to the operation of Redline Gear Cleaning Businesses generally.

e. Invite Franchisee to attend, at Franchisee's own expense, all conventions, seminars and franchisee-oriented functions, if any that Redline may plan from time to time and sponsor that are applicable to Franchisee or Franchisee's Redline Gear Cleaning Business, so long as Franchisee is in compliance with this Agreement. Some of these events may be held online.

f. If created, send to Franchisee and Franchisee's customers periodic online newsletters that Redline may produce from time to time. Redline has no obligation to create any newsletters or, if created, to create them on any regular schedule.

g. Upon Redline's recommendation or at Franchisee's request, conduct additional training programs at a location designate by Redline. Redline reserves the right to charge a fee for these additional training programs.

h. Make available to Franchisee all marketing manuals, advertising designs, advertising campaigns, camera-ready artwork, tactical marketing planners, and budgeting templates for Franchisee's advertising and promotional programs. Redline may charge Franchisee for these materials.

i. Provide Franchisee with access to Redline's proprietary software (if any) and all upgrades, an Internet site for prospective customers, an Intranet site for Franchisee and other franchisees, and other optional technology services that Franchisee may elect to receive. Redline reserves the right to discontinue providing the Intranet site and other optional technology services at any time.

j. From time to time, research new products, services and methods of doing business and provide Franchisee with information concerning developments of this research.

k. Provide Franchisee with access to and guidelines related to the centralized call center provided by Redline or Redline's designated supplier to receive calls and schedule appointments for Franchisee's Redline Gear Cleaning Business.

l. Provide guidance and assistance to Franchisee in recommending the prices to be charged by Franchisee for the Services and products provided by Franchisee. Currently, Redline does not set a maximum, minimum, or set price that Franchisee may advertise and charge for Services and products offered by its Redline Gear Cleaning Business, but Redline reserves the right to do so in the future. If Redline establishes a maximum price for any Services or products, Franchisee shall not offer or sell those Services or products at any greater price. If Redline establishes a minimum price for any Services or products, Franchisee shall not offer or sell those Services or products at any lesser price. If Redline establishes a set price for any Services or products, Franchisee shall offer or sell those Services or products only at that price. Currently, Redline may establish suggested prices. In this case, any prices Redline recommends to Franchisee are merely recommendations and Franchisee may establish its own prices, which may be higher or lower than Redline's recommended prices. Franchisee must abide by Redline's advertising policies related to advertising prices.

10.2. Additional Redline Services.

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

11. FRANCHISEE'S OPERATIONAL COVENANTS

11.1. Business Operations.

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

a. Franchisee shall, consistent with the terms of this Agreement, diligently develop its Redline Gear Cleaning Business and use its best efforts to market and promote the required Services and products in the Territory. Franchisee shall operate the Redline Gear Cleaning Business and offer the Services during all regular business days and hours as specified by Redline in the Operations Manual.

b. Franchisee shall strictly comply with all present and future provisions of the Operations Manual.

c. Franchisee, or the General Manager, as applicable, shall devote full time and best efforts on a daily basis, in person, to the supervision and conduct of Franchisee's Redline Gear Cleaning Business, which supervision must not be less than 40 hours per week.

d. Franchisee, or Franchisee's Managing Principal or the General Manager, as applicable, shall attend and complete the Initial Training Program referred to in **Article 6** above. Franchisee, or Franchisee's Managing Principal or the General Manager, as applicable, shall also attend subsequent mandatory training programs, demonstrations and seminars at locations as Redline may require. Franchisee shall be bound by the terms of **Article 6** of this Agreement in regards to all training programs.

e. Franchisee shall not sell any service or product except the Services and those products approved by Redline, in conjunction with the operation of its Redline Gear Cleaning Business, unless Franchisee receives the prior written consent of Redline. Franchisee must offer all of the Services and products that Redline requires Franchisee to offer. Redline may allow Franchisee to participate in new product or service tests, in which case Franchisee must participate. Franchisee must discontinue offering any product or service that Redline requires to be discontinued.

f. Franchisee shall only use in its Redline Gear Cleaning Business advertising and promotional material, services, equipment, supplies, and logoed clothing that meet Redline's standards and specifications. Advertising materials that are produced or approved by Redline for use by Franchisee may be used only in the manner and during the period specified by Redline.

g. Franchisee shall purchase and maintain in good operating condition a computer and software meeting Redline's minimum specifications, and a printer. Equipment, signs, Services, products, supplies and other items must be added, eliminated, substituted and modified by Franchisee as soon as practicable in accordance with changes in Redline's specifications and requirements.

h. All employees must be in logoed clothing approved by Redline, and be clean and neat in appearance.

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

j. All Services and products distributed and sold by Franchisee must comply with all applicable federal, state, provincial, or local codes, laws, ordinances, rules, regulations and other requirements.

k. The number and type of employees and contractors, as well as the amount and type of equipment, supplies, inventory and other items on hand at Franchisee's Redline Gear Cleaning Business must be at all times sufficient to efficiently meet the anticipated volume of business.

l. Franchisee shall at all times comply with all applicable laws, regulations, and ordinances, and shall promptly obtain all licenses and permits, including contractor's licenses, required by any state, provincial, or local licensing authority in all jurisdictions in which Franchisee operates its Redline Gear Cleaning Business. Redline has no obligation to advise Franchisee of any legislative or other legal developments that may affect its Redline Gear Cleaning Business. Franchisee is solely responsible for

inquiring about and becoming familiar with all applicable laws, regulations, and ordinances, and determining those actions required for compliance. Any information Redline provides to Franchisee regarding applicable laws, regulations, or ordinances does not relieve Franchisee of its responsibility to consult with its own legal advisor and otherwise take appropriate action to inquire about and comply with applicable laws, regulations, and ordinances.

m. Franchisee shall pay when due all debts and taxes arising in connection with Franchisee's Redline Gear Cleaning Business, except those duly contested in a bona fide dispute.

n. Franchisee shall at all times utilize Redline's proprietary and/or approved software, if applicable, in the operation of its Redline Gear Cleaning Business. Franchisee shall purchase, at Franchisee's sole cost and expense, all required third-party software and hardware upgrades and shall immediately install the software upgrades on all computer equipment used by Franchisee in operating its Redline Gear Cleaning Business.

o. Franchisee will use the Redline Intranet site in accordance with Redline's specifications and the requirements of the System.

p. Franchisee shall use only the e-mail account provided by Redline in the operation of its Redline Gear Cleaning Business, and Franchisee may not use the e-mail account for any purpose not related to the operation of its Redline Gear Cleaning Business. Franchisee shall check such e-mail account at least once per business day and respond to e-mail messages promptly (as appropriate), and in all events within one business day. Redline reserves the right to discontinue providing this e-mail account or charge a fee for providing the e-mail account. Franchisee shall have a high-speed Internet connection, if available.

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

r. If Franchisee is an individual, Franchisee or the General Manager shall directly supervise the Redline Gear Cleaning Business. If Franchisee is a corporation or other business entity it shall appoint its Managing Principal or a General Manager to directly supervise Franchisee's Redline Gear Cleaning Business. If, in Redline's sole judgment, Franchisee or its Managing Principal has insufficient experience in a business similar to a Redline Gear Cleaning Business or insufficient experience in business management in general to operate the Redline Gear Cleaning Business, Franchisee shall hire an General Manager who shall have direct responsibility for all operations of Franchisee's Redline Gear Cleaning Business. Any change in the Managing Principal or General Manager shall be subject to the prior written approval of Redline, which approval may be granted or denied in Redline's sole and absolute discretion.

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

t. Franchisee will comply with all agreements with third parties related to its Redline Gear Cleaning Business.

u. Franchisee will at all times during the term of this Agreement own and control the Redline Gear Cleaning Business authorized hereunder. Upon request of Redline, Franchisee will promptly provide satisfactory proof of such ownership to Redline. Franchisee represents that the Statement of Ownership, attached hereto as Exhibit III and incorporated by this reference, is true, complete, accurate and not misleading; and, in accordance with the information contained in the Statement of Ownership, the controlling ownership of the Redline Gear Cleaning Business is held by Franchisee. Franchisee will promptly provide Redline with a written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and will comply with the applicable transfer provisions contained herein. If Franchisee is not an individual, an individual or individuals designated by Redline will execute the Guaranty and Assumption of Franchisee's Obligations attached hereto as Exhibit II and incorporated by this reference.

v. Except as prohibited or limited by law, Franchisee shall fully participate in all promotional campaigns, prize contests, special offers, and other programs, whether national, regional, or local in nature (including the introduction of new Services or products, or new franchise or other marketing programs directed or approved by Redline), which are prescribed from time to time by Redline. Franchisee shall be responsible for the costs of such participation. In addition, Franchisee shall honor any coupons, gift certificates or other authorized promotional offers of Redline at Franchisee's sole cost unless otherwise specified in writing by Redline. From time to time a promotion may not benefit all franchisees in the System; and if the promotion is not offered in the region, or another unknown hardship arises, Redline may, at Redline's option, exempt Franchisee and/or other franchisees on a case-by-case basis.

w. Franchisee, or its Managing Principal or General Manager, and employees shall at all times present themselves in a professional manner to all customers or clients, and shall refrain from the use of illegal drugs or the consumption of alcohol during normal business hours or during any time that the same are performing services for clients or customers.

x. Franchisee shall not engage in any activities not covered by Franchisee's liability insurance or workers compensation insurance.

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

z. Franchisee is required to participate in and use the centralized call center designated by Redline and pay all charges for the call center imposed by Redline or Redline's designated supplier. Franchisee shall comply with all requirements of Redline and the designated supplier related to the centralized call center, which may include linking Franchisee's local telephone number to automatically ring into the call center. The designated supplier for the call center services may be changed from time to time, and may be Redline or its affiliates.

aa. Franchisee will comply with all laws prohibiting, or otherwise related to, bribery of or other illegal payments to any government, government agency, public international organization, or political party, or any of their officials, employees, candidates, or other representatives.

bb. Franchisee expressly authorizes Redline and its approved suppliers to contact Franchisee by e-mail, telephone, mail, or any other means related to any aspect of the Redline Gear Cleaning Business, authorized Services or products, this Agreement, or the System, for so long as this Agreement remains in effect. Franchisee expressly authorizes Redline to disclose Franchisee's contact information to Redline's approved and designated suppliers to enable such suppliers to contact Franchisee. Franchisee

acknowledges that these communications are necessary to facilitate and keep Franchisee updated regarding the ongoing franchise relationship.

11.2. Requirements for Entity Franchisees.

If Franchisee is a corporation, partnership, limited liability company or other business entity, the following additional conditions must be met, along with any other conditions as may be established by Redline for entity franchisees:

a. Contemporaneously with the business entity acquiring the franchise rights, thereafter upon the issuance or transfer of any ownership interests in the business entity and the appointment or election of any person as director, officer, member or manager of the business entity, and at any other time requested by Redline, the shareholders, members, partners, other owners, directors, officers, or managers (as applicable), and any other individuals designated by Redline will execute the Guaranty and Assumption of Franchisee's Obligations attached hereto as Exhibit II and incorporated herein by reference, personally guaranteeing full payment and performance of Franchisee's obligations to Redline and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement.

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

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

> ***The transfer of the shares represented by this certificate is subject to the terms and conditions of a certain Franchise Agreement with Redline Gear Cleaning Franchise Corp.***

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

12. CONTINUING FEES AND PAYMENTS

12.1. Royalty Fee.

Franchisee shall pay to Redline a continuing royalty fee equal to 10 percent of the greater of Franchisee's Gross Revenues, as defined below, or the applicable Minimum Monthly Gross Revenues, as defined below (the "**Royalty Fee**"). Franchisee shall not subordinate to any other obligation its obligation to pay the Royalty Fee or any other fee or charge hereunder.

12.2. Brand Development Fund Fee.

Franchisee shall remit 2 percent of the greater of Franchisee's Gross Revenues or the applicable Minimum Monthly Gross Revenues (the "**Brand Development Fund Fee**") to the Redline Brand Development Fund established by Redline (the "**Brand Development Fund**").

12.3 Charitable Donation Fee.

Franchisee shall remit 1 percent of the greater of Franchisee's Gross Revenues or the applicable Minimum Monthly Gross Revenues (the "**Charitable Donation Fee**") to the Redline Gear Cleaning Charitable Donation Fund established by Redline (the "**Charitable Donation Fund**") for the support of an organization(s) selected by Redline whose mission is to provide awareness and education about firefighter health, safety, and cancers.

12.4. Gross Revenues Defined.

"**Gross Revenues**" means the aggregate of all of Franchisee's sales and other income from whatever source derived, regardless of whether collected in the case of credit, arising out of, in connection with or relating to the business and the performance of services including, for example, (a) income from the sale of any products or other items; (b) income from the Services or any other services provided to customers; (c) income as a result from any barter and (d) all proceeds from any business interruption insurance, but excluding i) all refunds and discounts made in good faith to a customer; ii) any sales, goods and services and equivalent taxes which are collected by Franchisee for or on behalf of any governmental or other public body and actually remitted to such body; and iii) the value of any coupon, voucher or other allowance authorized by us and issued or granted to customers of the Redline Gear Cleaning Business that is received or credited by Franchisee in full or partial satisfaction of the price of any Service or product offered in connection with the Redline Gear Cleaning Business.

12.5. Minimum Monthly Gross Revenues.

Beginning on the commencement date set forth in the Addendum, which will be the first day of the seventh full calendar month after Franchisee has commenced operating its Redline Gear Cleaning Business, Franchisee must achieve the Gross Revenues requirements on a monthly basis as set forth in the Addendum (the "**Minimum Monthly Gross Revenues**"). The Minimum Monthly Gross Revenues will not change during the term of this Agreement. If Franchisee fails to meet the Minimum Monthly Gross Revenues in any calendar month, Franchisee will be required to pay Redline its Royalty Fee, its Brand Development Fund Fee, and the Charitable Donation Fee for the applicable month based on the applicable Minimum Monthly Gross Revenues instead of Franchise's actual Gross Revenues. If Franchisee's total Gross Revenues over any 12-month period during the term of this Agreement does not equal or exceed the total of the Minimum Monthly Gross Revenues over that same 12-month period, then Redline shall have the right to (i) terminate this Agreement, (ii) award additional franchises within the Territory or otherwise permit another franchisee to operate within the Territory, (iii) reduce the geographic size of the Territory, or (iv) any combination thereof, after providing notice to Franchisee in accordance with **Section 18.2.f** below. If Franchisee operates in multiple Territories, it will be required to meet the Minimum Monthly Gross Revenues for each Territory. If Franchisee fails to meet the Minimum Monthly Gross Revenues in any Territory, Redline may, in its sole discretion, terminate all of the Franchisee's Franchise Agreements for all of its Territories. Redline has the right, in its sole discretion and on a case-by-case basis, to waive the obligation of Franchisee or any other franchisee of Redline to meet the Minimum Monthly Gross Revenues requirement or to pay any fees or make expenditures calculated based on the applicable Minimum Monthly Gross Revenues. Franchisee acknowledges that Redline is entering into this Agreement with the expectation that it will receive Royalty Fees based on the greater of

Franchisee's actual Gross Revenues or the Minimum Monthly Gross Revenues over the full term of this Agreement.

12.6. Technology Fee.

Franchisee shall be assessed a monthly Technology Fee ("**Technology Fee**") in the amount set forth in the Addendum. The Technology Fee is paid for the software systems made available to Franchisee, the e-mail account provided to Franchisee under **Section 7.2.c**, and for maintenance of Redline's Internet and Intranet sites and other technology services offered by Redline to franchisees generally. Some technology services are optional and are set forth in the Addendum. The Technology Fee may be changed by Redline on 30 days' written notice to Franchisee. If Franchisee has acquired the rights to multiple Territories under this Agreement, Franchisee must pay the Technology Fee for each individual Territory.

12.7. Call Center Fee.

Redline currently does not charge for Franchisee to participate in and use the centralized call center; however, it may impose a fee (the "**Call Center Fee**") upon 30 days' prior written notice.

12.8 Payments to Redline.

a. Franchisee shall pay the Royalty Fees, Brand Development Fund Fees and Charitable Donation Fees to Redline on the 10th day following the end of each month, starting with the month following the first month in which Franchisee first makes a sale through its Redline Gear Cleaning Business, or at such other frequency as Redline may determine in its sole discretion upon written notice to Franchisee. The amount of such payments shall be determined based on the Gross Revenues of Franchisee as calculated based on the information provided through Redline's software for the applicable month. If any of the reports of Gross Revenues required to be submitted by Franchisee pursuant to **Section 16.1.a** below reveal an underpayment of Royalty Fees, Brand Development Fund Fees, or Charitable Donation Fees, Franchisee will immediately pay to Redline the amount of such underpayment. If any such reports show an overpayment of Royalty Fees, Brand Development Fund Fees or Charitable Donation Fees, Redline will provide a credit to Franchisee's account in an amount equal to the amount of the overpayment.

b. Following the commencement of the Minimum Monthly Gross Revenues, if Franchisee fails to meet the Minimum Monthly Gross Revenues in any calendar month, Redline will notify Franchisee of the shortfall in Gross Revenues generated by Franchisee together with the extra amount of Royalty Fees. Brand Development Fund Fees and Charitable Donation Fees due in accordance with **Section 12.5** above (the "**Extra Fees**") based on the Minimum Monthly Gross Revenues less the actual Gross Revenues generated for the applicable month, which Extra Fees shall be due by the 5th day following the notification by Redline.

c. Franchisee shall pay the Technology Fee and Call Center Fee, if applicable, once a month in advance no later than the 10th day of each calendar month, and as specified by Redline.

d. Redline may require Franchisee to remit all fees and other amounts due to Redline hereunder via electronic funds transfer. Franchisee agrees to comply with procedures specified by Redline and/or perform such acts and deliver and execute such documents, including authorization for direct debits from Franchisee's checking or savings accounts, as may be necessary to assist in or accomplish payment by such method. Under this procedure, if required by Redline, Franchisee shall authorize Redline to initiate debit entries and/or credit correction entries to the designated banking

account for payments of fees and other amounts payable to Redline and any interest charge due thereon. Franchisee shall make funds available to Redline for withdrawal by electronic transfer no later than the due date for payment therefore, and shall at all times maintain a minimum balance of $5,000 in the designated account, which shall be available to Redline to cover any required payments to Redline. If Franchisee has not timely reported the Gross Revenues to Redline or submitted information to Redline through its software system as required for any applicable period on which a fee is based, then Redline shall be authorized, at Redline's option, to demand payment from Franchisee or debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last applicable period for which a report of the Gross Revenues was provided to Redline or for which information was submitted through Redline's software system as required hereunder; (b) the amount due based on information retrieved from the computer system approved or required by Redline, or (c) the amount due based on the estimate of Gross Revenues prepared by Redline under **Section 16.4** below. Such payments shall be deemed the minimum amount of fees due for failure to timely remit all fees and file the required reports, and Franchisee shall remain liable for all fees in excess of such amounts once the actual Gross Revenues for the applicable period are determined.

e. If Franchisee is unable to operate due to damage or loss to the MEU, MEU Storage Facility or Office caused or created by a casualty, act of God, condemnation, or other condition over which Franchisee has no control, then Redline, in its sole discretion, may elect to waive the Royalty Fee and the Brand Development Fund Fee for a period no greater than 120 days commencing with the month in which Franchisee gives Redline notice of the damage or loss.

12.9. Late Fees; Denied ACH Processing; Interest.

To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments or denied or rejected requests for ACH payments, Franchisee shall also pay to Redline, upon demand, a late payment charge of $75 per overdue report or fee owed to Redline, and $50 for each check that is not honored or ACH payment request that is denied or rejected by Franchisee's bank or other financial institution, plus interest equal to the lesser of (i) the maximum legal rate of interest then charged on open accounts or (ii) 18 percent per annum, on all payments due to Redline during the period of time said payments are due and unpaid. This same interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to this Agreement.

12.10. Nonrefundable Fees.

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

13. ADVERTISING

13.1. Approval of Advertising.

Redline will make available to Franchisee all advertising and promotion materials for its Redline Gear Cleaning Business that are developed by or for Redline. If Franchisee desires to acquire these materials, Franchisee must pay for them. Redline will provide camera-ready artwork to Franchisee. Franchisee may also develop advertising materials for Franchisee's own use, at Franchisee's own cost; provided that if Franchisee uses an outside marketing or advertising company, it must first obtain the prior consent of Redline in accordance with **Section 14.2** below. Before using any promotional and advertising materials, Franchisee will submit to Redline or Redline's designated agency, for Redline's prior written approval, all information pertaining to such promotional materials and advertising developed

by Franchisee; including, but not limited to, Yellow Pages or other telephone related materials, print ads, radio and television scripts, Internet advertising, social media, or any promotional creative materials. In the event written approval or disapproval of any such advertising and promotional material has not been given by Redline to Franchisee within seven days from the date such information has been received by Redline, the materials will be deemed approved as submitted. Franchisee agrees to comply with all of Redline's advertising standards and specifications. In particular, Redline may require Franchisee to acquire some or all advertising services and products only from media or advertising agencies or other vendors designated as approved suppliers by Redline. Franchisee shall display all required promotional materials, signs and other marketing materials in its Redline Gear Cleaning Business in the manner prescribed by Redline. Redline may establish regional advertising programs in the future, and Franchisee must comply with the terms of any regional advertising programs established by Redline.

13.2. Brand Development Fund.

a. The Brand Development Fund Fee set forth in **Section 12.2** of this Agreement will be deposited in the Brand Development Fund, which shall be a separate bank account, commercial account or savings account. No action taken by Franchisee shall diminish Franchisee's obligation to pay the Brand Development Fund Fee to the Brand Development Fund.

b. Advertising materials and services will be provided to Franchisee through the Brand Development Fund. The Brand Development Fund shall be maintained and administered by Redline or Redline's designee, as follows:

(i) Redline or its designee, with recommendations, if established by Redline, from the Franchisee Advisory Council, as defined below, will oversee and direct all advertising programs and have sole discretion over creative concepts, materials and media used in such programs, including the placement and allocation of advertising. Redline or its designee will use the Brand Development Fund to conduct system-wide advertising, and/or to conduct regional or local advertising on Franchisee's behalf. However, Redline or its designee cannot and does not ensure that any particular franchisee will benefit directly or pro rata from the placement of advertising.

(ii) For each of Redline's company-owned and affiliate-owned operations (if any) offering Services or products similar to a Redline Gear Cleaning Business, Redline will make contributions to the Brand Development Fund equivalent to the contributions required of Franchisee.

(iii) Redline or its designee, with recommendation from the Franchisee Advisory Council, if established by Redline, will administer and control the Brand Development Fund and will have the absolute and unilateral right to determine how, when and where the monies in the Brand Development Fund will be spent. The Brand Development Fund will be used to promote the Services and/or products sold by franchisees and company-owned and affiliate-owned operations for the entire network of Redline Gear Cleaning Businesses located in the United States and other countries (the "**Franchise Network**"). The media in which Redline may place advertisements include any type of video, audio, and written media, such as direct mail, direct response literature, industry periodicals, television, radio, newspapers and magazines, social media, online media such as websites and apps, billboards, vehicle wraps, other signage or displays, and any other media that may currently exist or become available in the future. The Services and products sold by Redline Gear Cleaning Businesses, and will not be used to sell additional franchises; except that it may include a brief statement that Redline Gear Cleaning franchises are available and the contact information for acquiring information about Redline Gear Cleaning franchises and except as described below for the website. All sums paid by Franchisee to the Brand Development Fund will be maintained in an account separate from Redline's other funds and shall not be used to defray any of Redline's general operating expenses; except for such

reasonable administrative costs and overhead, if any, as Redline may incur in activities reasonably related to the administration or direction of the Brand Development Fund and advertising programs including, without limitation, costs incurred in collecting and accounting for assessments for the Brand Development Fund and salaries for marketing support personnel. The Brand Development Fund may be used to maintain and further develop the Redline website, which may include information and promotion for the sale of franchises.

(iv) If Redline or an affiliate of Redline places advertising rather than engage an advertising agency for this purpose, Redline or the affiliate shall be entitled to receive a reasonable fee for such services, which will not exceed the highest rate charged for similar services by any recognized advertising agency not owned in whole or part by Redline or its officers, directors, or employees (in addition to reimbursement for costs incurred).

(v) It is Redline's intent that all contributions to the Brand Development Fund will be expended for advertising and promotional purposes during Redline's fiscal year within which contributions are made. However, any monies not expended in the fiscal year in which they were contributed will be applied and used for Brand Development Fund expenses in the following year.

(vi) Although Redline intends the Brand Development Fund to be of perpetual duration, Redline has the right to terminate the Brand Development Fund. Redline will not terminate the Brand Development Fund, however, until all monies in the Brand Development Fund have been expended for advertising and promotional purposes.

(vii) An unaudited accounting of the Brand Development Fund contributions and expenditures will be prepared annually and will be made available to Franchisee upon written request, no later than 120 days following the end of each calendar year. At Redline's option, any such annual accounting may include an audit of the contributions and expenditures of the Brand Development Fund prepared by an independent certified public accountant selected by Redline and prepared at the expense of the Brand Development Fund.

(viii) Redline has no fiduciary obligation to Franchisee in connection with the operation of the Brand Development Fund. Redline will not be liable for any act or omission with respect to the operation of the Brand Development Fund or the use of the Brand Development Fund that is consistent with this Agreement and is done in good faith.

(ix) Redline may establish the Brand Development Fund as a non-profit corporation or other appropriate entity. If Redline establishes a separate entity to administer the Brand Development Fund, and if Redlines require it of Franchisee, Franchisee must become a member of the entity, sign a participation agreement and take other steps that Redline specifies.

(x) Redline may maintain a separate National Brand Fund for its franchisees located in other countries. Redline reserves the right to combine the Brand Development Fund with the National Brand Fund for any other country, to be used to promote the Services and/or products sold by franchisees on an international basis. The Franchisee Advisory Council, if established by Redline, may also be combined with the Franchisee Advisory Council established in any other country or region of the world. Redline has the right, in its sole discretion, to choose not to collect a Brand Development Fund Fee from franchisees in other countries or regions of the world, and to not maintain an advertising fund for those franchisees. Redline's choice to collect or to not collect a Brand Development Fund Fee or to establish or to not establish an advertising fund in other countries or regions of the world will not in any way affect Franchisee's obligation to pay the Brand Development Fund Fee.

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

13.3. Franchisee Advisory Council.

Redline may, but has no obligation to, establish a council of current franchisees of Redline called the "**Franchisee Advisory Council**." In Redline's sole discretion, Redline may establish separate Franchisee Advisory Councils for different countries, or different regions of the world. Unless Redline authorizes to the contrary, the Franchisee Advisory Council will advise and make suggestions to Redline regarding advertising issues. While Redline will consider all recommendations made by the Franchisee Advisory Council, Redline shall retain the right to direct and have sole discretion over such advertising decisions. Redline reserves the right to establish all rules and regulations related to the Franchisee Advisory Council, and, once established, may terminate the Franchisee Advisory Council, in Redline's sole discretion.

14. QUALITY CONTROL

14.1. Standards and Specifications.

Redline will make available to Franchisee, via the Operations Manual, standards and specifications for materials and services used by, products sold through, and Services offered through, Franchisee's Redline Gear Cleaning Business, which standards and specifications Redline reserves the right to change upon 30 days' prior written notice to Franchisee. These standards and specifications are designed to protect Redline's reputation and the goodwill of the Marks, they are not designed to control the day-to-day operations of Franchisee's Redline Gear Cleaning Business. Redline and Redline's representatives will have the right to discuss with Franchisee, or other personnel Franchisee may designate, including the General Manager, all matters that may pertain to compliance with this Agreement and with Redline's standards, specifications, requirements, instructions and procedures. Redline may take photographs of Franchisee's work as it relates to its Redline Gear Cleaning Business. Franchisee shall in all respects cooperate with Redline's rights under this Agreement. Redline also reserves the right to contact any or all of Franchisee's customers, independent agents, employees, suppliers and other service professionals for quality control, market research and such other purposes as Redline deems appropriate.

14.2. Restrictions on Services and Materials.

Except for the Mobile Extraction Unit, or if Redline has designated exclusive or approved suppliers of other products or services in the Operations Manual, Franchisee shall have the right to purchase directly from any supplier the equipment, services, and products required for the operation of its Redline Gear Cleaning Business; provided that the equipment, services, and products meet all applicable minimum specifications established by Redline. Redline reserves the right to require approval of any or all of the inventory, cleaning agents, other products, supplies, equipment, services, and other materials used in connection with Franchisee's Redline Gear Cleaning Business, including the suppliers of such materials or services. Redline may require that Franchisee submit specifications, information or samples of the items for Redline's review to determine if they meet Redline's specifications and standards set forth in the Operations Manual as to quality, content, composition and service. Redline shall notify Franchisee in writing of its approval or rejection of the proposed supplier within a reasonable time, but not to exceed 30 days after Redline's completion of its investigation, of the materials or services or the proposed supplier. Redline does not currently require that a fee be paid to secure supplier approval; however, Redline may require a fee in the future, and in its sole discretion, Redline may require the supplier to reimburse Redline for any expenses Redline incurs in determining if the supplier meets its specifications and standards. Redline will provide Franchisee at least 30 days' prior written notice if it is

going to charge a fee for supplier approval. Redline may revoke its approval of any supplier previously approved by written notice to the supplier and Franchisee, if Franchisee is using that supplier. Franchisee expressly acknowledges and agrees that Redline may derive revenue from Franchisee's purchases or leases of equipment from current or future suppliers, and may retain such revenue for Redline's use.

14.3. National Account Program.

Redline may solicit businesses with locations in multiple geographic areas, including within Franchisee's Territory, to participate in Redline's "**National Account Program**." Participation in a National Account Program is optional, but if Franchisee elects to so participate, Franchisee must abide by and comply with the rules of Redline's National Account Program by providing Services to National Account Program customers who have locations within the Territory or any Adjacent Territory being serviced by Franchisee. Such rules may include requirements related to the types of Services to be performed, additional training, the pricing for the Services, the payment of any fees to Redline for additional training, administering the National Account Program, or referring customers, and a quality review by Redline of the Services Franchisee provides. These terms may vary depending upon the National Account Program customer. Franchisee shall have first right to service all locations of National Account Program customers located in the Territory. If Franchisee elects not to participate in a National Account Program, or if Franchisee fails to comply with the terms for the National Account Program or if Redline determines at any time that Franchisee has not provided a satisfactory level and quality of service to a customer under the National Account Program, then Redline or any affiliate of Redline may perform any future Services for, or Redline may appoint another franchisee to perform any future Services for, that customer's locations, even if that customer's locations are within the Territory. Redline will have the right to solicit potential customers for the National Account Program, including Franchisee's existing customers. Franchisee shall cooperate with and assist Redline as requested in such solicitation. Redline reserves the right to make participation in any National Account Program a mandatory part of the System, in which case Franchisee will be required to participate in such program.

15. TRADEMARKS, TRADE NAMES AND PROPRIETARY INTERESTS

15.1. Marks.

Franchisee acknowledges that Redline's affiliate, HC Risk Reduction, Inc. ("**HC Risk Reduction**"), is the exclusive owner of, and Redline is the licensee of, the service mark REDLINE® and Redline or HC Risk Reduction is the owner of all of the other Marks, and that Franchisee's right to use them is derived solely from this Agreement and limited to the operation of its Redline Gear Cleaning Business in accordance with this Agreement. Franchisee agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of Redline and HC Risk Reduction. Franchisee shall not use the Marks in any manner calculated to represent that it is the owner of the Marks. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, Redline's or HC Risk Reduction's application for, or registration of, any of the Marks, or the validity or ownership of the Marks. Franchisee agrees not to directly or indirectly do or cause to be done, whether by commission or omission, any act, that may in any way jeopardize or adversely affect the validity or distinctiveness of the Marks, or the title of Redline or HC Risk Reduction thereto. Franchisee agrees that it will, without charge to Redline, upon request by Redline or its representatives, do all things and execute all documents that may at any time be necessary or desirable to protect or ensure the validity and distinctiveness of the Marks and to ensure the title of Redline and HC Risk Reduction thereto.

15.2. No Use of Other Marks.

Franchisee agrees to use the mark "REDLINE" as the sole identification of its Redline Gear Cleaning Business. Franchisee agrees that it shall affix a notice in a conspicuous location in or upon the MEU Storage Facility and Office (if outside Franchisee's or its Managing Principal's home), and on bid sheets, invoices and other documents delivered to customers, with content and format acceptable to Redline, that it is an independent Franchisee of Redline, and as such, an authorized user of the Marks, and that the owner of the Marks are Redline and/or HC Risk Reduction.

15.3. System.

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

15.4. Redline's Rights to New Ideas.

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

15.5. Creative Works.

Franchisee and Redline acknowledge and agree that: (a) Redline may authorize Franchisee to use certain copyrighted or copyrightable and patentable works (the "**Creative Works**"); (b) the Creative Works are the valuable property of Redline or its affiliates; and (c) Franchisee's rights to use the Creative Works are granted to Franchisee solely on the condition that Franchisee complies with the terms of this Section. Franchisee acknowledges and agrees that Redline or its affiliates own or is the licensee of the owner of the Creative Works. Such Creative Works include, but are not limited to, Redline's proprietary software programs (if any), the Operations Manual, advertisements, and promotional materials, and may include all or part of the System, trade dress and other portions of a Redline Gear Cleaning Business. Franchisee acknowledges that this Agreement does not confer any interest in the Creative Works upon Franchisee, other than the right to use them in the operation of its Redline Gear Cleaning Business in compliance with this Agreement. If Redline authorizes Franchisee to prepare any adaptation, translation or work derived from the Creative Works, or if Franchisee prepares any Creative Works such as advertisements, poster or promotional material, Franchisee agrees that such adaptation, translation, derivative work or Copyrighted Work shall constitute a "work made for hire" as that term is defined in the Copyright Act, 17 U.S.C. § 101 et seq., and shall become the property of Redline, and Franchisee assigns all its right, title and interest therein to Redline (or such other person or entity identified by Redline). Franchisee agrees to execute any documents, in recordable form, which Redline determines are necessary

to reflect such ownership. Franchisee shall submit all such adaptations, translations, derivative works and Creative Works to Redline for approval prior to use. Franchisee shall ensure that all Creative Works used hereunder shall bear an appropriate copyright notice as specified by Redline and specifying that Redline is the owner of the copyrights therein.

15.6. Infringement.

Franchisee agrees to notify Redline in writing of any possible infringement or illegal use by others of a trademark, service mark, logo, or other commercial symbol that is the same as or confusingly similar to any of the Marks, or the Creative Works that comes to its attention. Franchisee acknowledges that Redline and/or its affiliates will have the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use. Redline and/or its affiliates may commence or prosecute such action in their own name or may join Franchisee as a party to the action, in either event at Redline's expense, if Redline determines it to be necessary for the continued protection and quality control of the Marks, System or Creative Works. Franchisee agrees that, without a fee or other charge to Redline or its affiliates, it shall fully cooperate and participate with Redline and its affiliates in any such litigation.

15.7. Franchisee's Business Name.

Franchisee acknowledges that Redline has a prior and superior claim to the Marks and Redline's corporate name and trade names. Franchisee will not use the designation "REDLINE," or any portions thereof, in the legal name of its corporation, partnership or other business entity, nor use any of such names, the Marks or trade names, or portions thereof, as part of an electronic mail address or on any sites on the Internet, without the prior written consent of Redline, which consent may be conditioned upon Franchisee conditionally assigning the name to Redline exercisable upon a default by Franchisee under, or expiration or other termination of, this Agreement. Any sites established by Franchisee on the Internet and any changes subsequently made to those sites must be approved by Redline prior to their establishment or change, which consent may be withheld for any reason. Franchisee also agrees not to register or attempt to register any of the above names, the Marks or the trade names of Redline, or any portions thereof as a trademark, service mark, or domain name on the Internet. During the term of this Agreement, Redline may, however, require that Franchisee post a sign at its Office or MEU Storage Facility, or both, and include a reference on its letterhead, contracts, business cards and/or other items, stating that it is an "authorized franchisee of Redline Gear Cleaning Franchise Corp.," or other language specified by Redline. If local laws require that Franchisee file an affidavit or other registration indicating that it is conducting business under an assumed, fictitious or trade name, Franchisee shall state in such filing or affidavit that the same is made "as an authorized franchisee of Redline Gear Cleaning Franchise Corp."

15.8. Change of Marks.

Franchisee shall use and display the Marks and Creative Works only as specified by Redline. If it becomes advisable at any time in the opinion of Redline for Franchisee to modify or discontinue use of any of the Marks or Creative Works, or to use one or more additional or substitute names, Marks or Creative Works, Franchisee agrees to do so at its cost.

15.9. Business Records.

Franchisee acknowledges and agrees that Redline owns all records ("**Business Records**") with respect to customers, independent agents, employees, and other service professionals of, and/or related to, Franchisee's Redline Gear Cleaning Business; including, without limitation, all databases (whether in

print, electronic or other form) with customer and potential customers, names, addresses, phone numbers, e-mail addresses, and customer purchase records, and all other records contained in the database. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Redline may access such Business Records, and may utilize, transfer, or analyze such Business Records as Redline determines to be in the best interest of the System, in Redline's sole discretion.

16. REPORTS, RECORDS AND FINANCIAL STATEMENTS

16.1. Franchisee Reports.

a. Franchisee will establish and maintain at its own expense bookkeeping and accounting systems that utilizes an accrual method of accounting and otherwise conforms to the specifications that Redline may prescribe from time to time. Franchisee will supply to Redline such reports in a manner and form as Redline may from time to time require, including monthly balance sheets, profit and loss statements, and cash flow statements in a format prescribed by Redline, and, if requested by Redline, weekly, semi-monthly and/or monthly reports that are to be typewritten or computer generated and completed on a form and in a format as may be prescribed by Redline. Within 20 days of the end of each calendar month, calendar quarter, and calendar year, during the term of this Agreement, Franchisee shall provide Redline monthly reports, quarterly reports, and annual reports of Gross Revenues, respectively, as prescribed by Redline.

b. Franchisee shall submit to Redline current financial statements and other reports as Redline may request to evaluate or compile research and performance data on any operational aspect of its Redline Gear Cleaning Business. Redline may also pull this data from other reports and information provided by Franchisee hereunder. Franchisee authorizes Redline to utilize this information to prepare a financial performance representation, to release this information as necessary to substantiate any financial performance representation made by Redline, to share such information in summary form as Redline deems necessary or desirable to share with other franchisees at any annual franchise meeting or other franchise business meetings, and to use such data in any other manner and with any other parties that Redline deems appropriate without obtaining any further written consent of Franchisee. All financial information transmitted by Franchisee to Redline pursuant to this Agreement shall be owned by Redline as part of the Business Records as defined in **Section 15.9** above, with no duty on the part of Redline to account to Franchisee with respect to the use and exploitation of the same.

c. All reports and financial information to be furnished to Redline must be signed and verified by Franchisee, unless such requirement is waived in writing by Redline, in its sole discretion.

16.2. Books and Records.

In all instances, the accounting and reporting system, and all statements and reports to be submitted by Franchisee, shall conform to U.S. Generally Accepted Accounting Principles, or other applicable Generally Accepted Accounting Principles if Franchisee is located outside of the U.S., applied consistently on a year-to-year basis. Franchisee shall retain all invoices, order forms, payroll records, checks records, bank deposit receipts, sales tax records and returns, cash disbursements journals and general ledgers as specified in the Operations Manual. Franchisee shall advise Redline of the location of all original documents and shall not destroy any records without the written consent of Redline. Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of its Redline Gear Cleaning Business conducted under this Agreement. Franchisee's records shall include tax returns, daily reports, statements of Gross Revenue profit and loss statements, ledgers and balance sheets.

16.3. Audit of Books and Records.

From the date Franchisee and Redline sign this Agreement until three years after the expiration or termination of this Agreement, including any successor franchises, Redline or Redline's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above and any related records wherever they may be located. Franchisee agrees to keep all records and reports for six years from the date such records are created. Redline may also request, receive, inspect and audit the records of any party affiliated with Franchisee, including but not limited to Franchisee's Managing Principal, General Manager, owners, guarantors, officers, directors, or other Authorized Representatives, any immediate family members of Franchisee or of such affiliated parties, or any companies or entities associated with Franchisee or such affiliated parties, that Redline in its sole discretion determines may be relevant in determining the business results of Franchisee's Redline Gear Cleaning Business; such as verifying that Franchisee has paid all fees owed to Redline based on the Gross Revenues of Franchisee. Inspections and audits conducted at the Office may take place without prior notice, during normal business hours. Redline may also require at any time the records from Franchisee or its affiliated parties be sent to Redline's offices or another location to permit the inspection or audit of such records to be conducted at Redline's place of business or the other location. If Redline notifies Franchisee that documents are to be sent to a location other than the Office for the purpose of conducting an inspection or audit at that location, Franchisee shall provide the requested documents to Redline within the time period set forth in Redline's notice. Franchisee will be responsible for any expenses associated with collecting and delivering any documents requested by Redline for its inspection or audit. Franchisee agrees that Redline will have the right to inspect and audit any records of Franchisee or any affiliated party that Redline determines to be relevant in its sole discretion, which records may include, in addition to those referred to above, (i) tax returns; (ii) quarterly and/or annual financial statements, including profit and loss statements and balance sheets; (iii) copies of checks, check ledgers and bank statements for checking and savings accounts; (iv) all contracts or agreements entered into by Franchisee and any third parties related to its Redline Gear Cleaning Business, including but not limited to contracts with customers; and (v) any other documents requested by Redline. Redline may inspect and audit documents covering a period beginning with the date on which Franchisee first acquired its Redline Gear Cleaning Business and ending on the date such audit is concluded. All documents provided for Redline's inspection or audit must be certified by Franchisee and the appropriate affiliated party, if applicable, as true, complete and correct. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, Brand Development Fund Fee, Charitable Donation Fee, Technology Fee, or other amounts required to be paid or spent under this Agreement, Franchisee shall pay to Redline the deficiency with the late payment charge and interest as set forth in **Section 12.9** within 10 business days of notice thereof, without prejudice to any other remedy of Redline under this Agreement. In addition, if the deficiency for any audit period equals or exceeds 2 percent of the correct amount of any Royalty Fee, Brand Development Fund Fee, Charitable Donation Fee, Technology Fee, or other amounts due or required to be spent, or Franchisee does not cooperate with Redline in the audit process, Franchisee will also pay to Redline the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel within 10 business days of notice thereof. Should the audit disclose an overpayment of any Royalty Fees, Brand Development Fund Fees, Charitable Donation Fees, Technology Fees, or other amounts due Redline, Redline shall pay Franchisee or credit to Franchisee's account, in Redline's sole discretion, the amount of the overpayment within 30 days of Redline's verification of such overpayment by Franchisee. For purposes of this Section, each calendar quarter of each calendar year being audited shall constitute its separate audit period.

16.4. Failure to Comply with Reporting Requirements.

If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Revenues, Redline shall have the right to deliver to Franchisee an estimate, made by Redline, of Gross Revenues for the period under consideration, and Franchisee shall pay to Redline any amount shown thereby to be owing within five business days of the date of the notice. Any such estimate shall be deemed the minimum amount of fees due for the required reports, and Franchisee shall remain liable for all fees in excess of such amounts once the actual Gross Revenues related to such reports are determined. Additionally, Franchisee shall be liable for all late fees and interest set forth in **Section 12.9** of this Agreement for any reports not filed when due.

16.5. Financial Information from Third Parties.

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

17. TRANSFER

17.1. Transfer by Redline.

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

17.2. Transfer by Franchisee.

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

17.3. Pre-Conditions to Franchisee's Transfer.

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

a. Franchisee is in full compliance herewith (and with any other agreements between Franchisee and Redline or its affiliates) and pays to Redline all outstanding debts or amounts owing to Redline.

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

c. The Franchisee or the transferee pays to Redline a transfer fee in the amount of $10,000 (the "**Transfer Fee**"). The Transfer Fee is nonrefundable in all circumstances once paid. If Franchisee is transferring multiple Territories, Franchisee must pay the Transfer Fee for each individual Territory.

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

e. The transferee purchases all of Franchisee's assets used in its Redline Gear Cleaning Business in accordance with all applicable bulk sales rules and regulations and assumes all of the liabilities of the Redline Gear Cleaning Business, unless such liabilities have been paid prior to the closing of the transaction or unless the sale is a sale of shares in the capital stock of Franchisee.

f. The transferee completes, to Redline's sole satisfaction, Redline's then current training program established by Redline for franchisees; unless the training is waived by Redline in its sole discretion.

g. The parties to the proposed transaction have entered into a bona fide binding agreement (a "**Purchase Offer**"), subject only to the rights of Redline. Redline shall be furnished a copy of this Purchase Offer, and such Purchase Offer shall be subject to Redline's written approval, and the Right of First Refusal reserved to Redline as specified in **Section 17.5** below. Franchisee must advise each prospective transferee of this provision and the other terms of this Agreement. Franchisee shall provide to Redline a written transfer request containing any other information and materials that Redline may require.

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

i. The proposed transferee has demonstrated to Redline's satisfaction that it, he or she will meet in all respects Redline's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote its, his or her full time and best efforts to the operation of the Redline Gear Cleaning Business being transferred, and any other conditions as Redline may apply in evaluating new franchisees. All required conditions will be provided by Redline to the proposed transferee at time of notification of desire to transfer. Redline must be provided all

information about the proposed transferee as Redline may require. No Transfer to a competitor of Redline will be permitted.

j. Franchisee upgrades or modifies the Redline Gear Cleaning Business and its operations, including the Office and MEU, at Franchisee's sole expense (the necessity of which will be in the sole discretion of Redline) to conform to the then current Operations Manual.

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

17.4. Franchisee's Death or Disability.

If Franchisee is an individual, upon the death or permanent disability of Franchisee or its General Manager, or if Franchisee is an entity, upon the death or permanent disability of the Managing Principal, the rights granted by this Agreement may pass to the next of kin or legatees, provided that Franchisee's or its Managing Principal's or General Manager's legal representatives shall within 180 days from the date of death or permanent disability of Franchisee, or the Managing Principal or General Manager, apply in writing to Redline for the right to transfer to the next of kin or legatee the rights under this Agreement or the ownership interest of the entity. The proposed transferees must meet each of the requirements set forth in this **Article 17** within 30 days of the receipt of a conditional approval for the transfer. For purposes hereof, the term "permanent disability" will mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee, or the Managing Principal or General Manager, from supervising the management and operation of the Redline Gear Cleaning Business for a period of 180 days from the onset of such disability, impairment or condition.

17.5. Redline's Right of First Refusal.

If Franchisee desires to Transfer, in whole or in part, the Redline Gear Cleaning Business, Franchisee shall obtain a bona fide, executed, written Purchase Offer from a responsible, arms-length, and fully disclosed purchaser for the Redline Gear Cleaning Business and other assets used by Franchisee in its Redline Gear Cleaning Business. Franchisee shall submit an exact copy of the Purchase Offer to Redline, which shall, for a period of 30 days from the date of delivery of such offer to Redline, have the right, but not the obligation, exercisable by written notice to Franchisee, to purchase all of the Redline Gear Cleaning Business and the assets of Franchisee (the "**Right of First Refusal**"), for the price and on the terms set forth in the Purchase Offer, subject to the provisions of this **Article 17** and provided that:

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

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

If the sale to such purchaser is not completed within 60 days after delivery of such offer to Redline, Redline shall again have the Right of First Refusal.

17.6. Post-Transfer Obligations.

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

18. DEFAULT AND TERMINATION

18.1. Termination by Redline–Effective Upon Notice.

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

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

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

c. Insolvency; Assignments. Franchisee or any guarantor becomes insolvent or is adjudicated a bankrupt; or any action is taken by Franchisee or any guarantor, or by others against Franchisee or any guarantor under any insolvency, bankruptcy or reorganization act; or Franchisee or any guarantor makes an assignment for the benefit of creditors, or a receiver is appointed for Franchisee or any guarantor.

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

e. Criminal Conviction. Franchisee or any owner of Franchisee's entity is convicted of a felony, a crime involving moral turpitude, a crime related to its Redline Gear Cleaning Business, or any crime or offense that is likely, in the sole opinion of Redline, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof.

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

g. Unauthorized Transfer. Franchisee sells, transfers or otherwise assigns the Redline Gear Cleaning Business, an interest in its franchise or the Franchisee entity, this Agreement, the Redline

Gear Cleaning Business or a substantial portion of the assets of the Redline Gear Cleaning Business owned by Franchisee without complying with the provisions of this Agreement.

h. Under-Reporting of Gross Revenues. Franchisee submits on two or more occasions during the term of this Agreement, or any successor franchise term, a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Revenues by more than 2 percent, or has a variance of more than 10 percent between reports generated through any proprietary or approved scheduling database used by Redline and Franchisee's regular accounting reports, unless Franchisee demonstrates to Redline's satisfaction that such understatement or variance resulted from inadvertent error.

i. Failure to Deliver Reports. Franchisee submits reports more than five days late on four or more occasions during the term of this Agreement, or during the term of any successor franchise, unless due to circumstances beyond the control of Franchisee.

j. Condemnation or Loss of MEU Storage Facility or Office. Franchisee loses possession or the right of possession of all or a significant part of the MEU Storage Facility or Office through condemnation, casualty, lease termination or mortgage foreclosure and the Redline Gear Cleaning Business is not relocated or reopened within 60 days of such loss of possession or condemnation or casualty.

k. Contesting Ownership of Marks. Franchisee contests in any court or proceeding the validity of, or Redline's or HC Risk Reduction's ownership of, the Marks.

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

m. Failure to Complete Training. Any of Franchisee, Franchisee's Managing Principal, or the General Manager, as applicable, fail to successfully complete Redline's Initial Training Program.

n. Improper Business Practices. Redline determines that Franchisee: engaged in an act of fraud with respect to its rights or obligations under this Agreement; engaged in false advertising; failed to, or intentionally underreported, sales or other financial information to Redline; made a misrepresentation or gave any false information in any reports or other information provided to Redline; or failed to comply with applicable laws, regulations and ordinances.

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

p. Executive Order 13224; Patriot Act. Franchisee, or any officer, director, member, manager, or partner of Franchisee (as applicable), or the General Manager, violates or becomes subject to United States Executive Order 13224 or The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**Patriot Act**").

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

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

s. Sales Activity in the Territory of Another Redline Gear Cleaning Business. Franchisee provides, markets, or sells any of the Services or products to, or otherwise services any customer within the territory of any Redline Gear Cleaning Business owned by Redline, any affiliate of Redline or any other franchisee of Redline, without the express written consent of Redline.

18.2. Termination by Redline with Prior Notice.

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

a. Unauthorized Sales. Franchisee sells or offers for sale any unauthorized merchandise, product or service after 30 days after notification from Redline.

b. Failure to Make Payments. Franchisee fails to pay any amounts due Redline or affiliates, including the Initial Franchise Fee, the Royalty Fee, the Brand Development Fund Fee, the Charitable Donation Fee, the Technology Fee, and all other fees or sums owed to Redline or its affiliates, or any amounts payable to Redline or Redline's designated supplier for the call center services as described in **Section 11.1.z**, within 10 days after receiving notice that such fees or amounts are overdue.

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

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

e. Failure to Answer Business Phone. Franchisee fails to answer its published business telephone number between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, holidays excepted, within 10 days after notification from Redline.

f. Failure to Meet Minimum Monthly Gross Revenues. Franchisee fails to generate Gross Revenues for any 12-month period which equals or exceeds the Minimum Monthly Gross Revenues for the same period after 10 days notification from Redline. If Franchisee operates in multiple Territories under this Agreement, a failure to meet the Minimum Monthly Gross Revenues in any Territory shall be deemed a default for purposes of this section.

g. Filing Non-Compliant Legal Action. Franchisee or any of the Franchisee Affiliates, as defined in **Section 20.1**, files or otherwise commences litigation, arbitration, or any other legal action against Redline or any of the Redline Affiliates, as defined in **Section 22.1**, that is not in compliance with the dispute resolution terms agreed upon in **Article 22** as may be modified by any applicable rider in Exhibit V, and fails to dismiss such action within seven days after notification from Redline.

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

18.3. Termination by Redline for Continuing Force Majeure Events.

Redline shall have the right to terminate this Agreement and all rights granted Franchisee hereunder, subject to the provisions of applicable state or provincial law governing franchise termination and renewal, effective upon receipt of notice by Franchisee, in the event of a force majeure event as described in **Section 23.15** below that continues for a period of six consecutive months or longer and which prevents Redline from performing its obligations hereunder.

18.4. Termination by Franchisee.

Franchisee shall have the right to terminate this Agreement as the result of a material breach of this Agreement by Redline, provided Franchisee provides Redline with written notice of the breach within 30 days of the breach and a reasonable opportunity to cure such breach, which shall in no event be less than 90 days. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within a 90-day or other given period and Redline has commenced and is continuing to make good faith efforts to cure the breach during the given period, Redline will be given an additional reasonable period of time to cure the breach. If Franchisee terminates this Agreement pursuant to this **Section 18.4**, Franchisee shall remain responsible for complying with the post termination obligations set forth in this Agreement, including in **Section 18.5** below.

18.5. Obligations of Franchisee Upon Termination or Expiration.

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

a. Pay within five days of the effective date of termination or expiration of this Agreement all amounts owed to Redline, the landlord of the Office or MEU Storage Facility (if applicable), the lender or lessor of the Mobile Extraction Unit (if applicable) and Franchisee's trade and other creditors that are then unpaid. In the event of a termination due to a default by Franchisee, the amounts owed to Redline shall include, in addition to all other amounts due Redline, a lump sum amount equal to the Royalty Fees that would have been payable based on the greater of (i) an amount equal to the monthly average of Franchisee's actual Gross Revenues for the 12 months prior to the date of termination multiplied by the number of months remaining on the term of this Agreement had it not been terminated, but not to exceed 36, or (ii) the total of the Minimum Monthly Gross Revenues for each month from the date of termination until the lesser of (A) the remaining term of this Agreement had it not been terminated or (B) 36 months.

b. Immediately discontinue the use of all Marks, signs, structures, forms of advertising, telephone listings and service, the Operations Manual, and all materials, Services and products of any

kind which are identified or associated with the System, and return all these materials and products to Redline, at Franchisee's sole cost and expense.

c. Immediately notify the telephone company, all listing agencies, Internet service providers, and social media website operators of the termination or expiration of Franchisee's right to use any telephone number, classified or other telephone directory listing, domain name, or social media website or account associated with the Marks, and authorize the transfer of them to Redline or any new franchisee as directed by Redline. Franchisee acknowledges as between Redline and Franchisee, Redline has the sole rights to, and interest in, all telephone numbers, directory listings, web addresses, domain names, and social media websites and accounts used by Franchisee to promote its Redline Gear Cleaning Business and/or associated with the Marks. Franchisee irrevocably appoints Redline, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Such appointment is evidenced by Exhibit IV to this Agreement.

d. Make no representation nor state that Franchisee is in any way approved, endorsed or licensed by Redline or associated or identified with Redline or the System in any manner.

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

f. Immediately shut down any Internet site operated by Franchisee to promote the Redline Gear Cleaning Business and assign and transfer all web addresses used by Franchisee for the same purpose.

g. Remove all equipment from the MEU so that it cannot be used to operate a business similar to a Redline Gear Cleaning Business.

h. If requested by Redline, permit Redline to audit and inspect Franchisee's books and records, as described in **Section 16.3**.

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

18.6. Redline's Right to Suspend Services on Franchisee's Default.

If Redline has provided Franchisee with a notice of any default pursuant to this **Article 18,** in addition to Redline's other remedies, Redline reserves the right, on behalf of itself and the Redline Affiliates, to suspend any services to be provided by Redline or any Redline Affiliate or the sales of any products to Franchisee by Redline or any Redline Affiliate until such time as Franchisee cures the default. The services that may be suspended include but are not limited to any services related to advertising or promotion of Franchisee's Redline Gear Cleaning Business, such as the listing of Franchisee's Redline Gear Cleaning Business on any website, or to refer any leads to Franchisee from the centralized call center. The suspension may continue until Franchisee has cured each default identified in the default notice from Redline and Franchisee is deemed to be in good standing. Franchisee is not relieved of any obligation to pay any fees during the term of any suspension. The rights afforded to Redline in this **Section 18.6** are in addition to any other rights of Redline upon a default by Franchisee.

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

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

a. Remove all displays of the Marks from Franchisee's Redline Gear Cleaning Business that are identified or associated with the System, including any signs, decals or wraps on the MEU or at the Office and MEU Storage Facility, or to remove the equipment from the MEU so that it cannot be used to operate a business similar to a Redline Gear Cleaning Business; Redline may enter the Franchisee's Office, MEU Storage Facility or other location of the MEU to effect removal, except if prohibited by law. In this event, Redline will not be charged with trespass nor be accountable or required to pay for any displays or materials.

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

18.8. Effects of Termination or Expiration.

Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which Redline may have against Franchisee, whether such claims or rights arise before or after such termination or expiration. All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of **Sections 11.1.q**, **16.3** and **19.3** and **Articles 20** and **22** of this Agreement shall survive termination or expiration hereof.

18.9. Outstanding Loan Obligations.

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

18.10. Right to Purchase.

Except upon the grant of successor franchise rights under **Section 3.3**, or a termination due to a default by Redline, upon any termination or expiration of this Agreement for any reason, Redline shall have the option to purchase the Redline Gear Cleaning Business, or a portion of the assets of the Redline Gear Cleaning Business, which may include, at Redline's option, all of Franchisee's interest, leasehold or otherwise, in and to the MEU, equipment, supplies or inventory. The purchase price for the assets to be transferred will be the fair market value of the assets, excluding any good will associated with the Marks, as mutually determined by Redline and Franchisee, or if they are unable to mutually agree on the purchase price, by Redline and Franchisee each choosing one independent appraiser who, in turn, choose a third independent appraiser, with the third appraiser's determination being binding upon the parties. The purchase price for the assets will be adjusted by setting off any amount then owing by Franchisee to

Redline, including any amounts paid by Redline to cure Franchisee's defaults with third parties such as landlords or lenders (the decision to pay such cure amounts to be in the sole and absolute discretion of Redline). Redline and Franchisee shall each pay the fees and expenses of their chosen appraisers and they shall evenly split the fees and expenses of the third appraiser. The following additional terms shall apply to Redline's exercise of this option:

a. Redline's option shall be exercisable by providing Franchisee with written notice of its intention to exercise the option no later than the effective date of termination, in the case of termination (unless Franchisee terminates without notice or Redline terminates for cause, in which case Redline shall have 30 days after receipt of actual notice of the termination or such additional time as is reasonably necessary given the circumstances), or at least 30 days prior to the expiration of the term of the franchise, in circumstances where no successor franchise is granted.

b. Redline and Franchisee agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by Redline, in the real property records and Redline and Franchisee further agree to execute such additional documentation as may be necessary and appropriate to effectuate such recording.

c. The closing for the purchase of the Redline Gear Cleaning Business will take place no later than 60 days after written notice of Redline's exercise of its option is given to Franchisee. Redline has the unrestricted right to assign this option to purchase at any time prior to such closing. Redline will pay the purchase price in full at the closing, or, at its option, in 24 equal consecutive monthly installments with interest at a rate equal to the prime lending rate as of the closing at Redline's primary bank. Franchisee must sign all documents of transfer as are necessary for purchase of the Redline Gear Cleaning Business by Redline, which documents shall include all customary representations and warranties from Franchisee as to ownership, condition of and title to, the assets of the Redline Gear Cleaning Business being transferred. All assets must be transferred free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Franchisee. Franchisee and its owners further agree to sign general releases, in a form satisfactory to Redline, of any and all claims against Redline and its shareholders, member, managers, officers, directors, employees, agents, successors, and assigns.

d. Franchisee agrees that it shall be obligated to operate the Redline Gear Cleaning Business according to the terms of this Agreement during the period in which Redline is deciding whether to exercise its option to purchase and until the closing takes place, and that a condition to closing is that the Redline Gear Cleaning Business has remained open during that time period. Redline may decide not to exercise its option to purchase at any time before closing if it determines that any of the conditions noted above have not been or cannot be satisfied.

In the event that Redline does not exercise its right to purchase Franchisee's Redline Gear Cleaning Business as set forth above, Franchisee will be free to keep or to sell, after such termination or expiration, to any third party, all of the physical assets of the Redline Gear Cleaning Business; provided, however, that all Marks are first removed in a manner approved in writing by Redline, the MEU is modified so that it cannot be used to operate a business similar to a Redline Gear Cleaning Business, and Franchisee complies fully with all of its post termination obligations, including the restrictive covenants in **Article 20**.

18.11 Conflicting Laws.

THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH

APPLICABLE STATE, PROVINCIAL, OR FEDERAL LAW, SUCH LAW SHALL GOVERN REDLINE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

18.12 Remedies Cumulative.

All rights and remedies conferred upon Redline by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any right or remedy shall preclude the exercise of any other right or remedy.

19. BUSINESS RELATIONSHIP

19.1. Business Relationship.

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

19.2. Third Party Obligations.

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

19.3. Indemnification.

Franchisee agrees to indemnify, defend, release and hold Redline, its subsidiaries and affiliates (if any), and their respective shareholders, directors, officers, members, managers, partners, employees, agents, successors and assignees, as applicable, (the "**Indemnified Parties**") harmless against, and to reimburse them for all Claims, (as defined below), any and all third party obligations described above, and any and all claims, obligations and liabilities directly or indirectly arising out of the operation of the Redline Gear Cleaning Business or arising out of the use of the Marks and System in any manner not in accordance with this Agreement. For purposes of this Agreement, "**Claims**" include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Redline will have the right to defend any such Claim against it. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

20. RESTRICTIVE COVENANTS

20.1. Non-Competition During Term.

Franchisee acknowledges that, in addition to the license of the Marks hereunder, Redline has also licensed commercially valuable information which comprises and is a part of the System, including without limitation, operations, marketing, advertising and related information and materials, and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the information and materials by all franchisees of Redline using the Marks and System. Franchisee therefore agrees that other than the Redline Gear Cleaning Business licensed herein or in another franchise agreement with Redline, neither Franchisee, the Managing Principal, the General Manager, nor any of Franchisee's shareholders, directors, officers, members, managers, partners, guarantors, employees, agents, successors and assignees, as applicable (collectively, the "**Franchisee Affiliates**"), nor any member of his, her, or their immediate families, or any Authorized Representative, will during the term of this Agreement:

a. have any direct or indirect controlling interest as a disclosed or beneficial owner in a "Competitive Business," as defined below; or

b. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business.

The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, a business that is similar to a Redline Gear Cleaning Business, including a business that provides and inspection of firefighter personal protective equipment. However, Franchisee will not be prohibited by this Agreement from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 2 percent or less of that class of securities issued and outstanding.

20.2. Post-Termination Covenant Not to Compete.

Upon termination or expiration of this Agreement for any reason, or the Transfer of the rights under this Agreement, Franchisee and the Franchisee Affiliates agree that, for a period of 36 months commencing on the effective date of termination, expiration, or Transfer, or the date on which Franchisee ceases to conduct business, whichever is later, neither Franchisee and the Franchisee Affiliates nor any Authorized Representative will have any direct or indirect interest (through a member of any immediate family or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business within a 250 mile radius of the closest point of Franchisee's Territory or any territory of any Redline Gear Cleaning Business owned by Redline, any affiliate of Redline or any other franchisee of Redline. Franchisee and the Franchisee Affiliates expressly acknowledge that they possess business and career skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living. If a former Franchisee, former Franchisee Affiliate, or any former Authorized Representative, breaches this Section, the 36-month period shall start on the date that such person is enjoined from competing or stops competing, whichever is later.

20.3. No Diversion of Business.

During the term of this Agreement, and for a period of 36 months after the termination or expiration of this Agreement, Franchisee and the Franchisee Affiliates agree not to (i) divert or attempt to divert any business related to Redline's business or any other business of a franchisee or Area Representative of Redline, by direct inducement or otherwise; or (ii) divert or attempt to divert the employment of any employee or other Authorized Representative of Redline or another franchisee or Area Representative licensed by Redline to use the Marks and System, to any Competitive Business, by any direct inducement or otherwise. If a former Franchisee, former Franchisee Affiliate, or any former Authorized Representative, breaches this Section, the 36-month period shall start on the date that such person is enjoined from such breach or stops breaching, whichever is later.

20.4. Confidentiality of Proprietary Information.

Franchisee and the Franchisee Affiliates will treat all information it receives that comprises or is a part of the System as proprietary and confidential, and will not use or duplicate such information in an unauthorized manner or disclose the information to any unauthorized person, including in any business that may be competitive with Redline, without first obtaining Redline's written consent. Franchisee and the Franchisee Affiliates acknowledge that the Marks and the System have valuable goodwill attached to them, that the protection and maintenance thereof is essential to Redline and that any unauthorized use or disclosure of the Marks and System will result in irreparable harm to Redline.

20.5. Confidentiality Agreements and Acknowledgements.

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

20.6. Claims Are Not Defenses to Covenants.

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

21. INSURANCE

21.1. Insurance Coverage.

Franchisee shall, upon commencement of the term of this Agreement, purchase and at all times maintain in full force and effect all of the following coverages:

a. Workers Compensation Insurance in amounts prescribed by law.

b. Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be appropriate for a mobile on-site cleaning and inspection of firefighter personal protective equipment business, but not less than $1,000,000 per occurrence, $2,000,000 aggregate coverage, insuring both Franchisee and Redline against all claims, suits, obligations, liabilities, and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the Redline Gear Cleaning Business, and including, without limitation, blanket business interruption coverage.

c. Motor vehicle liability insurance covering all employees of its Redline Gear Cleaning Business with authority to operate a motor vehicle, including the MEU, with non-owned auto coverage added as a rider, in an amount not less than $1,000,000 or, with the prior written consent of Redline, such lesser amount as may be available at a commercially reasonable rate, but in no event less than any statutorily imposed minimum coverage or as required by any financing or leasing company used to acquire the MEU.

d. Fire and lightning, extended coverage, theft, vandalism and malicious mischief, flood, and sprinkler leakage insurance on the MEU, and on all fixtures, equipment, supplies and other property used in the operation of Franchisee's Redline Gear Cleaning Business, for not less than 100 percent of the cash value of the property, except that an appropriate deductible clause shall be permitted.

e. Such additional insurance as may be required by the terms of any lease or mortgage for Franchisee's Office and MEU Storage Facility.

The liability insurance afforded by the policy or policies shall not be limited in any way by reason of any insurance that may be maintained by Redline. Redline reserves the right to increase or decrease the amounts and types of insurance Franchisee must purchase by providing Franchisee with 30 days advance written notice of any changes in coverage amounts. All policies of insurance required under this Section will be with responsible companies qualified to do business and in good standing in the state where the Franchisee's Redline Gear Cleaning Business is located, and shall be in a form satisfactory to Redline. All liability insurance policies shall name Redline as an additional insured to the extent of claims arising out of the operations of Franchisee's Redline Gear Cleaning Business. To the extent Redline's preferred insurance provider (if any is designated) is licensed and qualified to do business in the state where Franchisee's Redline Gear Cleaning Business is located, Franchisee shall obtain the above-required insurance coverage from Redline's preferred insurance provider, unless Redline approves an alternate insurance provider for Franchisee.

21.2. Proof of Insurance.

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

21.3. Failure to Maintain Insurance.

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

22. ARBITRATION

22.1. Arbitration.

All controversies, disputes, claims, causes of action and/or alleged breaches or failures to perform between Redline, its subsidiaries and affiliated companies or their shareholders, officers, directors, members, managers, partners, agents, employees and attorneys (in their representative capacity) (collectively, the "**Redline Affiliates**") and Franchisee and the Franchisee Affiliates (as defined in **Section 20.1** above) arising out of or related to: (1) this Agreement; (2) the relationship of the parties; (3) the validity of this Agreement; or (4) any aspect of the System, will be submitted for binding arbitration to the American Arbitration Association ("**AAA**"); except for actions brought which are related to or based on the Marks or the Creative Works of Redline or its affiliates, or to enforce the provisions of **Article 20** of this Agreement, which actions Redline, at its option, may bring either in a court of competent jurisdiction or in arbitration. Notwithstanding the language above, if the action is based on a separate agreement or instrument between Franchisee or the Franchisee Affiliates and Redline or the Redline Affiliates (such as a promissory note or lease), the dispute resolution procedure in that agreement or instrument will control, rather than this Section; provided, that, at Redline's sole option, any claim of any Redline Affiliate against a Franchisee Affiliate based on such other agreement or instrument may be brought in arbitration in conjunction with a dispute between the parties that is subject to arbitration under this Section, regardless of any provisions to the contrary contained in that other agreement or instrument. Arbitration proceedings will be conducted in the county and state of Redline's headquarters at the time the arbitration proceeding is commenced, and will be heard by one arbitrator in accordance with the then current rules of AAA that apply to commercial arbitration. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The arbitrator shall be a knowledgeable of Massachusetts law and fluent in English. The arbitration proceeding and all other hearings shall be conducted in English only, although Franchisee shall have the right, at Franchisee's option and sole expense, to have a translator present at the proceeding or other hearings. The expense of a translator shall not be considered a cost or expense related to an action pursuant to **Section 23.9** of this Agreement. The parties further agree that, in connection with any arbitration proceeding, each will file any compulsory counterclaim (as defined by Rule 13 of the U.S. Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates. Any party to an arbitration proceeding may apply to the arbitrator for reasonable discovery from the other. In this Agreement, "reasonable discovery" means a party may submit no more than ten interrogatories, including subparts, 25 requests for admission, 25 document requests, and three depositions per side of the dispute. The foregoing discovery rights and limitations shall control over any contradictory discovery rules of AAA, unless the parties agree otherwise.

22.2. Arbitration Award.

Subject to **Sections 22.6** and **22.7** below, the arbitrator will have the right to award or include in the award any relief available and appropriate under the applicable law (as set forth in **Section 22.5**) and this Agreement. Any award shall be based on established law and shall not be made on broad principles of justice and equity. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction. This

provision will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

22.3. Limitations on Proceedings.

a. Redline and Franchisee agree that arbitration will be conducted on an individual basis only. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving Redline and Franchisee. Further, neither Redline nor Franchisee shall attempt to consolidate or otherwise combine in any manner an arbitration proceeding involving Redline and Franchisee with another arbitration of any kind, nor shall Redline or Franchisee attempt to certify a class or participate as a party in a class action against the other.

b. The foregoing notwithstanding, in the event Franchisee controls, is controlled by, or is in active concert with another franchisee of Redline, or there is a guarantor of some or all of the Franchisee's obligations to Redline, then the joinder of those parties to any arbitration between Redline and Franchisee shall be permitted, and in all events, the joinder of an owner, director, officer, manager, partner or other representative or agent of Franchisee shall be permitted.

c. Franchisee agrees that no claims may be brought on its behalf or on behalf of any of the Franchisee Affiliates by any third party, including but not limited to any association representing Franchisee.

22.4. Injunctive Relief.

Notwithstanding anything to the contrary contained in this Agreement, Redline and Franchisee will each have the right in a proper case to obtain temporary or preliminary injunctive relief from a court of competent jurisdiction. Each party agrees that the other may have such temporary or preliminary injunctive relief, without bond, but upon due notice, and with the sole remedy in the event of the entry of such injunctive relief being the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived by each party). Any such action will be brought as provided below.

22.5. Governing Law/Consent to Jurisdiction/Waiver of Jury Trial.

The United States Federal Arbitration Act shall govern all questions about the enforceability of the dispute resolution procedures in this Agreement and the confirmation of any arbitration awards pursuant to such procedures, and no arbitration issues are to be resolved pursuant to any state or provincial statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or applicable international trademark law, this Agreement shall be interpreted under the laws of the Commonwealth of Massachusetts and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws (and not the laws of conflict) of the Commonwealth of Massachusetts, which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Massachusetts Consumer Protection Act (M.G.L. Chapter 93A) shall not apply to this Agreement or any disputes between the parties. Franchisee and Redline have negotiated regarding a forum in which to resolve any disputes that may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in **Section 22.1** above, involving Franchisee and/or the Franchisee Affiliates and Redline and/or the Redline Affiliates, the parties agree that the exclusive venue for disputes between them shall be in the state courts in Middlesex County, Massachusetts, or the federal courts of Massachusetts, and each waive any objection either may have to the personal jurisdiction of or venue in such courts. Notwithstanding the foregoing, any legal proceeding by Redline or any Redline

Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, or other geographic area in which the Redline Gear Cleaning Business is located or in which Franchisee or any Franchisee Affiliate resides or owns assets. IF A CLAIM MAY BE BROUGHT IN COURT, THEN REDLINE, THE REDLINE AFFILIATES, FRANCHISEE, AND THE FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.

22.6. No Punitive or Consequential Damages.

Except as specifically permitted elsewhere in this Agreement, neither Redline or any of the Redline Affiliates, on the one side, nor Franchisee or any of the Franchisee Affiliates, on the other side, shall be liable to the other for punitive or other damages not measured by the other party's actual damages, except as may be required by statute, in any action between the parties, whether of the type subject to mandatory arbitration under **Section 22.1** or otherwise, and whether such action is brought in arbitration, litigation, or any other legal proceeding.

22.7. No Recourse Against Others.

Franchisee agrees that its sole recourse for claims (whether in contract or in tort, in law or in equity, or granted by statute) arising between the parties shall be against Redline or its successors and assigns. Franchisee agrees that the shareholders, officers, directors, members, managers, partners, agents, and employees of Redline and its affiliates (the "**Nonparty Affiliates**") shall not be personally liable nor named as a party in any action between Redline and Franchisee. To the maximum extent permitted by law, Franchisee waives any such claims against such Nonparty Affiliates.

23. MISCELLANEOUS PROVISIONS

23.1. Modification.

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

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

c. Franchisee acknowledges that Redline may modify its standards and specifications and operating, marketing, and other policies and procedures set forth in the Operations Manual unilaterally under any conditions and to the extent in which Redline, in its sole discretion, deems necessary, and Franchisee shall be bound by such modifications. These modifications may include regional and local

variations. Franchisee may be obligated to invest additional capital in Franchisee's Redline Gear Cleaning Business and incur higher operating costs based on these periodic modifications.

d. Redline has the right to vary the franchise agreement and any standards, specifications, policies, and procedures for a particular franchisee based on the circumstances related to the franchisee, its territory, or any other condition. Franchisee shall not be entitled to require Redline to grant Franchisee a similar variation.

23.2. Entire Agreement.

This Agreement (which includes the Addendum and Exhibits expressly incorporated herein) contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. Redline does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. Franchisee acknowledges and agrees that no representations have been made to it by Redline or its representatives regarding projected sales volumes, market potential, revenues or profits of Franchisee's Redline Gear Cleaning Business, or operational assistance other than as stated in this Agreement or in any franchise disclosure document or advertising or promotional materials provided by Redline in connection herewith. Additionally, Franchisee hereby acknowledges and agrees that, in entering into this Agreement, it is not relying on the existence or non-existence of any particular fact or matter not set forth in this Agreement or in the franchise disclosure document provided to Franchisee. Franchisee agrees and understands that Redline will not be liable or obligated for any oral representations or commitments made prior to the execution hereof, for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments, or for claims of negligent or fraudulent omissions or nondisclosure of facts or information. Nothing in this Agreement or in any related agreement is intended to disclaim any representations made by Redline in the franchise disclosure document provided to Franchisee.

23.3. Delegation by Redline.

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

23.4. Consent; Business Judgment.

Wherever Redline's consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, Redline has the right to withhold its approval at its option, in its business judgment, taking into consideration its assessment of the long-term interests of the System overall. Redline may withhold any and all consents or approvals required by this Agreement if Franchisee is in default or breach of this Agreement. Redline's approvals and consents will not be effective unless given in writing and signed by one of its duly authorized representatives. In no event may Franchisee make any claim for money damages based on any claim that Redline has unreasonably withheld or delayed any consent or approval to a proposed act by Franchisee under the terms of this Agreement. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement by specific performance or by declaratory judgment.

23.5. General Economic Conditions.

Neither a general economic downturn or conditions nor Franchisee's financial inability to perform the terms of this Agreement will be a defense to an action by Redline for Franchisee's breach of this Agreement.

23.6. Effective Date.

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

23.7. Limitation on Actions.

Notwithstanding anything contained in this Agreement to the contrary, any and all claims and actions arising out of or relating to this Agreement, the relationship between Franchisee and Redline, or Franchisee's operation of the Redline Gear Cleaning Business shall be commenced within one year from the occurrence of the facts giving rise to the claim or action.

23.8. Review of Agreement.

Franchisee acknowledges that it had a copy of this Agreement in its possession for a period of time not less than 14 full days, during which time Franchisee has had the opportunity to submit this Agreement for professional review and advice of Franchisee's choosing prior to freely executing this Agreement.

23.9. Attorneys' Fees; Costs.

a. Subject to **Section 23.9.b** below, Franchisee shall reimburse Redline for its costs and expenses, including, without limitation, attorneys' fees, which Redline incurs in pursuit of its rights following a breach or event of default of or by Franchisee whether or not the pursuit of rights involves litigation or arbitration.

b. The prevailing party in any action arising out of, or related to this Agreement (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting monies owed. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party and the relative equities between the parties.

23.10. No Waiver.

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

23.11. No Right to Set Off.

Franchisee will not be allowed to set off amounts owed to Redline for Royalty Fees, Brand Development Fund Fees, Charitable Donation Fees, Technology Fees, or other amounts due hereunder, against any monies owed to Franchisee, which right of set off is expressly waived by Franchisee. No endorsement or statement on any check or payment of any sum less than the full sum due to Redline shall

be construed as an acknowledgment of payment in full or an accord and satisfaction, and Redline may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Redline may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Redline may see fit. Redline may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to Redline, and may, at Redline's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

23.12. Survival of Terms.

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

23.13. Invalidity; Authority to Reform.

In the event that any arbitrator or court of competent jurisdiction determines that any provision of this Agreement, including but not limited to any of the restrictive covenants contained in **Article 20** hereof, are unenforceable as written for any reason, including for purposes of the restrictive covenants, reasons that the areas of restriction exceed the reasonable maximum time period, geographic area or scope, then the parties hereby request and authorize the arbitrator or court to "blue pencil" such provision so as to make it enforceable and to best carry out the intent of the parties, or to deem such provision severed from this Agreement if it cannot be so modified. The holding, declaration or pronouncement shall not adversely affect any other provisions of this Agreement, which shall otherwise remain in full force and effect.

23.14. Notices.

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

23.15. Force Majeure.

Redline will not be liable to Franchisee, nor will Redline be deemed to be in breach of this Agreement, if it exercises best efforts to perform its obligations as may be due to Franchisee hereunder, and its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or voluntarily foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instruments of any federal, state, municipal, provincial, or other government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, municipal, provincial, or other government or any department or agency thereof; (3) viral or bacterial epidemic, pandemic, or other public health crisis; (4) acts of God; or (5) fires, strikes, terrorism, embargoes, war or riot. Any delay resulting from any of these causes will extend performance by Redline accordingly or excuse performance by Redline in whole or in part, as may be necessary.

23.16. Estoppel Certificates.

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

23.17. Charges and Taxes.

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

23.18. Cross-Default and Cross Termination Provisions.

a. A default by Franchisee under this Agreement will be deemed a default of all agreements between Franchisee and/or any company(ies) affiliated with Franchisee, on the one hand, and Redline and/or any company(ies) affiliated with Redline, on the other hand (the "**Other Agreements**"). A default by Franchisee and/or any company(ies) affiliated with Franchisee under any of the Other Agreements will be deemed a default under this Agreement. A default by any guarantor(s) of this Agreement or of any of the Other Agreements will be deemed a default of this Agreement.

b. If this Agreement is terminated as a result of a default by Franchisee, Redline may, at its option, elect to terminate any or all of the Other Agreements. If any of the Other Agreements is terminated as a result of a default by Franchisee and/or any company(ies) affiliated with Franchisee, Redline may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any of the Other Agreements will be grounds for termination of this Agreement and/or any and all of the Other Agreements without additional notice or opportunity to cure.

23.19. Incorporation of Riders.

To the extent that any of the Riders to Franchise Agreement for Specific States attached as Exhibit V is applicable, such rider is incorporated herein and this Agreement is modified accordingly. The provisions in any applicable rider are included as a condition to registration or use in certain jurisdictions, and Redline is not precluded from contesting the validity, enforceability, or applicability of such provisions in any action relating to this Agreement or its rescission or termination.

23.20. Acknowledgement.

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY AND DISCUSS ITS PROVISIONS WITH ITS LEGAL COUNSEL. FRANCHISEE ACKNOWLEDGES ALL OF THE FOLLOWING:

A. FRANCHISEE OR ITS MANAGING PRINCIPAL HAS BEEN AFFORDED THE OPPORTUNITY TO ASK QUESTIONS AND REVIEW MATERIALS OF REDLINE THAT

FRANCHISEE OR ITS MANAGING PRINCIPAL DEEMS RELEVANT IN ORDER TO MAKE A DECISION TO ENTER INTO THIS AGREEMENT AND ACQUIRE A FRANCHISE HEREUNDER.

B. FRANCHISEE OR ITS MANAGING PRINCIPAL HAS SUCH KNOWLEDGE AND EXPERIENCE IN FINANCIAL, TAX AND BUSINESS MATTERS AND HAS PRIOR EXPERIENCE SO AS TO ENABLE FRANCHISEE OR ITS MANAGING PRINCIPAL TO UTILIZE THE INFORMATION MADE AVAILABLE TO FRANCHISEE AND FULLY UNDERSTAND SUCH INFORMATION.

C. THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESSPERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS.

D. NO ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, HAS BEEN GIVEN TO FRANCHISEE OR ITS MANAGING PRINCIPAL AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED.

E. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT AND IN ANY DISCLOSURE DOCUMENT SUPPLIED TO FRANCHISEE, IS BINDING ON REDLINE IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT, AND, IN ENTERING INTO THIS AGREEMENT, FRANCHISEE IS NOT RELYING ON THE EXISTENCE OR NON-EXISTENCE OF ANY FACT OR MATTER NOT SET FORTH IN THIS AGREEMENT OR IN A DISCLOSURE DOCUMENT SUPPLIED TO FRANCHISEE.

F. NEITHER FRANCHISEE, NOR ANY FRANCHISEE AFFILIATE, IS SUBJECT TO UNITED STATES EXECUTIVE ORDER 13224 OR THE PATRIOT ACT. IF FRANCHISEE OR ANY FRANCHISEE AFFILIATE BECOMES SUBJECT TO UNITED STATES EXECUTIVE ORDER 13224 OR THE PATRIOT ACT, FRANCHISEE OR THAT FRANCHISEE AFFILIATE SHALL NOTIFY REDLINE IMMEDIATELY THEREOF.

[SIGNATURES FOLLOW ON NEXT PAGE]

The parties have executed this Agreement to be made effective as of the ___ day of _____, 202____.

Redline:
Redline Gear Cleaning Franchise Corp.,
a Delaware corporation

By:_____
Date: _____

Address for Notice:

51 Lacombe Street, Unit 4
Marlborough, Massachusetts 01752

E-mail Address:
Franchise@redlinegearcleaning.com

Franchisee:
IF AN INDIVIDUAL:

_____
Signature

Print Name: _____

IF A PARTNERSHIP, CORPORATION
OR OTHER ENTITY:

_____
Print Company Name

By: _____
Signature
Print Name and Title: _____
Date: _____

Address for Notice: _____
_____

E-mail Address: _____

EXHIBIT I
TO FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement (the "**Addendum**"), dated as of the date set forth below, modifies and amends that certain Franchise Agreement (the "**Agreement**"), by and between Redline Gear Cleaning Franchise Corp., hereinafter "**Redline**," and the undersigned franchisee, hereinafter "**Franchisee**." This Addendum modifies the terms of the Agreement and in the event of a conflict in terms between the Agreement and this Addendum, the terms of this Addendum shall be controlling.

The parties agree as follows:

1. Territory. The Territory, referenced in **Section 4.1.a** of the Agreement will be the geographical area defined as follows: _____.

2. Location of MEU Storage Facility. The MEU Storage Facility, referenced in **Section 4.2.b** of the Agreement, shall be: _____.

3. Location of Office. The Office, referenced in **Section 4.3** of the Agreement, shall be: _____.

4. Initial Franchise Fee. The Initial Franchise Fee, referenced in **Section 5.1**. is $_____ and shall be payable to Redline as follows: _____ _____.

5. Commencement of Operations. The date Franchisee shall commence operations, referenced in **Section 7.4** shall be _____.

6. Minimum Monthly Gross Revenues. The Minimum Monthly Gross Revenues referenced in **Section 12.5** of the Agreement, shall be:

Full Month after Date of this Agreement	Minimum Monthly Gross Revenues Per Territory
1-6	No Minimums
7-12	$10,000
13 and thereafter	$20,000

Month 7 of the foregoing table shall be deemed to be the month of _____.

7. Technology Fee and Services. The Technology Fee set forth in **Section 12.6** of the Agreement, shall be _____. In addition to Redline providing an e-mail address, access to the Redline website and its Intranet, Franchisee elects to receive the following additional technology services: _____ _____.

8. Other Terms:

Fully executed this ____ day of _____, 202_____.

Redline:

Redline Gear Cleaning Franchise Corp.,
a Delaware corporation

By:_____
Date: _____

Franchisee:

IF AN INDIVIDUAL:

_____
Signature

Print Name: _____

IF A PARTNERSHIP, CORPORATION
OR OTHER ENTITY:

_____
Print Name of Company

By: _____
Signature
Print Name and Title: _____
Date: _____

EXHIBIT I-A
TO ADDENDUM

LOCATION OF MEU STORAGE FACILITY AND/OR OFFICE AND COMMENCEMENT OF OPERATIONS SUPPLEMENT

This is a Supplement ("**Supplement**") to the Addendum to Franchise Agreement (the "**Agreement**") by and between Redline Gear Cleaning Franchise Corp., hereinafter "**Redline**," and the undersigned franchisee, hereinafter "**Franchisee**." In the Addendum to the Agreement, Redline and Franchisee did not designate a specific location for the MEU Storage Facility, a specific location for the Office, and/or a specific date for commencement of operations. Redline and Franchisee have now reached an agreement as to the location of the MEU Storage Facility or Office, and the date Franchisee commenced operations of its Redline Gear Cleaning Business. They desire to execute this Supplement to update the Agreement by memorializing this date. It is therefore agreed that:

The location of the MEU Storage Facility, referenced in **Section 4.2.b** of the Agreement, is:_____ _____. (Insert N/A if not applicable.)

The location of the Office, referenced in **Section 4.3** of the Agreement, is:_____ _____. (Insert N/A if not applicable.)

The date Franchisee commenced operations, referenced in **Section 7.4** of the Agreement, is:_____ _____.

It is further agreed that the 7th month in the Minimum Monthly Gross Revenues table set forth in Section 6 of the Addendum shall be deemed to be the month of _____.

The terms of this Supplement shall control over the conflicting terms of the Agreement, including the Addendum. In all other respects, the Agreement and the Addendum are ratified, affirmed and confirmed, and shall remain in full force and effect in their original form. All capitalized terms in this Supplement that are not defined herein shall have the meaning ascribed to them in the Agreement.

The parties have executed this Supplement to be made effective as of the date of the Agreement, regardless of the date signed.

Redline Gear Cleaning Franchise Corp.	**Franchisee:**
	_____
By:_____	By:_____
Title:_____	Title:_____
	By:_____
	Title:_____

EXHIBIT II
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of Franchise Agreement (the "**Franchise Agreement**") dated as of the date set forth below by and between each of the franchisee identified below and **Redline Gear Cleaning Franchise Corp.,** a Delaware corporation, having its head office at 51 Lacombe Street, Unit 4, Marlborough, Massachusetts 01752 ("**Redline**"), each of the undersigned personally and unconditionally:

1. Guarantees to Redline and its successors and assigns, for the term of the Franchise Agreement ("**Term**"), including renewals and successor franchise terms thereof, that the franchisee named on the signature page hereof ("**Franchisee**") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement.

2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, including but not limited to, the terms of the articles and sections pertaining to non-competition during and after the Term, confidentiality and the Marks and Creative Works of the Redline.

3. Each of the undersigned waives all of the following:

(a) Acceptance and notice of acceptance by Redline of the foregoing undertaking.

(b) Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed.

(c) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed.

(d) Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability.

(e) Notice of any amendment, modification, deletion or addition of any term or condition of or to any of the obligations hereby guaranteed.

(f) Notice of any termination as to future liability of any other guarantor.

(g) Any and all other notices and equitable defenses to which he or she may be entitled.

4. Each of the undersigned consents and agrees that:

(a) His or her direct and immediate liability under this Guaranty shall be joint and several.

(b) He or she shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so.

(c) Such liability shall not be contingent or conditioned upon pursuit by Redline of any remedies against Franchisee or any other person.

(d) Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Redline may from time to time grant to Franchisee or to any other person; including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the Term, including renewals and successor franchise terms thereof.

(e) He or she shall be bound by the restrictive covenants, confidentiality provisions, audit provisions, and indemnification provisions contained in the Franchise Agreement.

(f) Redline may, at its option, without notice to or further consent of him or her, take any of the following actions:

(i) retain the primary or secondary liability of any other party with respect to all or any part of the obligations hereby guaranteed.

(ii) release or compromise any liability of any other guarantor or any other party with respect to the obligations hereby guaranteed.

(iii) amend, modify, delete, or add any term or condition of or to any of the obligations hereby guaranteed, which may include the creation of new obligations.

5. No delay or neglect on the part of Redline in the exercise of any right or remedy existing under law or by virtue of this Guaranty shall operate as a waiver thereof, but such rights and remedies shall continue in full force and effect until specifically waived or released by an instrument in writing executed by Redline and designated as a waiver or release; and no single or partial exercise by Redline of any right or remedy shall preclude further exercise thereof or the exercise of any right or remedy.

6. The arbitration, injunctive relief, governing law and jurisdiction provisions contained in the Franchise Agreement shall govern this Guaranty, and such provisions are incorporated into this Guaranty by this reference.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the ___ day of _____, 20____.

Name of Franchisee:

_____
(Location Name)

GUARANTOR(S)

_____
Signature

_____
Print Name

_____
Address

_____

Telephone Number _____

_____
Signature

_____
Print Name

_____
Address

_____

Telephone Number_____

_____
Signature

_____
Print Name

_____
Address

_____

Telephone Number_____

EXHIBIT III
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

STATEMENT OF OWNERSHIP

Franchisee: _____
(Print Company Name or Individual Franchisee's Name)

Trade Name (if different from above): _____

Form of Ownership (Check One)

___ **Individual** ___ **Partnership** ___ **Corporation** ___ **Limited Liability Company** ___ **Other**

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

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

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

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

_____

_____

_____

_____

Franchisee acknowledges that this Statement of Ownership applies to the Redline Gear Cleaning Business authorized under Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Redline in writing.

Date _____ Signature: _____

Print Name: _____

EXHIBIT IV
TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA WEBSITES

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA WEBSITES

THIS COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA WEBSITES (the "**Assignment**") is entered into on the day and date set forth on the signature page hereof, by and between Redline Gear Cleaning Franchise Corp., a Delaware corporation ("**Redline**") and the undersigned franchisee ("**Franchisee**"). This Assignment is executed in accordance with the terms of that certain Franchise Agreement (the "**Franchise Agreement**") under which Redline granted Franchisee the right to own and operate a Redline Gear Cleaning Business located at the Office location set forth on the signature page hereof (the "**Franchise Business**").

FOR VALUE RECEIVED, Franchisee assigns to Redline (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Telephone Numbers and Listings**"), (2) those certain Internet Website Addresses ("**URLs**"), and (3) those certain social media websites or accounts (collectively, the "**Social Media Sites**"), that are associated with Redline's trade and service marks and used from time to time in connection with the operation of Franchise Business. This Assignment is for collateral purposes only and, except as specified herein, Redline shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Redline shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "**Telephone Company**"), Franchisee's Internet service provider ("**ISP**"), or the relevant social media website operator ("**Social Media Operator**") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), Redline shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings, the URLs, and the Social Media Sites, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings, URLs, and Social Media Sites, and shall remain liable to the Telephone Company, the ISP, and the Social Media Operator for all past due fees owing to the Telephone Company, the ISP, and the Social Media Operator on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Redline and Franchisee, upon termination or expiration of the Franchise Agreement, Redline shall have the sole right to and interest in the Telephone Numbers and Listings, URLs, and Social Media Sites, and Franchisee appoints Redline as Franchisee's true and lawful attorney-in-fact to direct the Telephone Company, the ISP, and the Social Media Operator to assign them to Redline, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company, the ISP, and the Social Media Operator to assign the Telephone Numbers and Listings, URLs, and Social Media Sites to Redline. If Franchisee fails to promptly direct the Telephone Company, the ISP, and the Social Media Operator to assign the Telephone Numbers and Listings, URLs, and Social Media Sites to Redline, Redline shall direct the Telephone Company, the ISP, and the Social Media Operator to effectuate the assignment contemplated hereunder to Redline. The parties agree that the Telephone Company, the ISP, and the Social Media Operator may accept Redline's written direction, the Franchise Agreement or this Assignment as conclusive proof of Redline's exclusive rights in and to the Telephone Numbers and Listings, URLs, and Social Media Sites upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's, ISP's, and Social Media Operator's receipt of such notice from Redline or Franchisee. The parties further agree that if the Telephone Company, the ISP, or the Social Media Operator requires that the parties

execute the Telephone Company's, the ISP's, or the Social Media Operator's assignment forms or other documentation at the time of termination or expiration of Franchise Agreement, Redline's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of Franchise Agreement.

IN WITNESS WHEREOF, the parties have entered into this Assignment on the ___ day of _____, 20_____.

ASSIGNEE

Redline Gear Cleaning Franchise Corp.

By:_____
Signature
Print Name:_____

Title: _____

ASSIGNOR

_____
(Print Company or Individual Franchisee Name)

By:_____
Signature
Print Name:_____

Title: _____

Office Location: _____

EXHIBIT V
TO FRANCHISE AGREEMENT

STATE RIDERS

RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES

The following Riders to the Franchise Agreement for Specific States ("Riders") are applicable only for those franchisees to whom the franchise laws of the identified state apply. Following the Riders is a signature page designating and incorporating any applicable Riders.

CALIFORNIA RIDER TO THE FRANCHISE AGREEMENT

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

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

2. **Section 22.5** is deleted and replaced with the following language:

The United States Federal Arbitration Act shall govern all questions about the enforceability of the dispute resolution procedures in this Agreement and the confirmation of any arbitration awards pursuant to such procedures, and no arbitration issues are to be resolved pursuant to any state or provincial statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or applicable international trademark law, this Agreement shall be interpreted under the laws of the Commonwealth of Massachusetts and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws (and not the laws of conflict) of the Commonwealth of Massachusetts, which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Massachusetts Consumer Protection Act (M.G.L. Chapter 93A) shall not apply to this Agreement or any disputes between the parties. If a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in **Section 22.1** above, involving Franchisee and/or the Franchisee Affiliates and Redline and/or the Redline Affiliates, both parties consent to jurisdiction and venue for disputes between them in the state courts in Middlesex County, Massachusetts, or the federal courts of Massachusetts, and each waive any objection either may have to the personal jurisdiction of or venue in the state courts in Middlesex County, Massachusetts, or the federal courts of Massachusetts. Notwithstanding the foregoing, any legal proceeding by Redline or any Redline Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, province, or other geographic area in which the Redline Gear Cleaning Business is located or in which Franchisee or any Franchisee Affiliate resides or owns assets. IF A CLAIM MAY BE BROUGHT IN COURT, THEN REDLINE, THE REDLINE AFFILIATES, FRANCHISEE, AND THE FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.

2. **Section 23.2** is deleted and replaced with the following language:

This Agreement (which includes the Addendum and Exhibits expressly incorporated herein) contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. Redline does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. Nothing

in this Agreement or in any related agreement is intended to disclaim any representations made by Redline in the franchise disclosure document provided to Franchisee.

3. SECTION 23.20 A-E DOES NOT APPLY TO YOU IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN CALIFORNIA.

4. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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

ILLINOIS RIDER TO THE FRANCHISE AGREEMENT

1. Illinois law governs the Franchise Agreement.

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

3. Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

6. The following statement is added to the end of **Article 5**:

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

pursuant to this Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Redline's financial condition.

7. See the last page of this Exhibit V for your signature.

MARYLAND RIDER TO FRANCHISE AGREEMENT

1. The following language is added at the end of **Sections 3.3.e** ("Successor Franchise") and **17.3.d** ("Pre-Conditions to Franchisee's Transfer"):

(Any release executed in connection herewith will not apply to any claims that may arise under the Maryland Franchise Registration and Disclosure Law.)

2. The following language is added at the end of **Article 5** ("Initial Fees"):

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

3. The following sentence is added to the end of **Section 22.1** ("Arbitration") and **Section 23.7** ("Limitation on Actions"):

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. The following paragraph is added to the end of **Section 22.2** ("Arbitration Award"):

This Agreement provides for disputes to be resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

5. The second through fifth sentences in **Section 23.2** are deleted.

6. **Section 23.8** is deleted in its entirety

7. Paragraphs A, B, C, D, and E of **Section 23.20** are deleted in their entirety.

8. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

VIRGINIA RIDER TO FRANCHISE AGREEMENT

1. The following is added to the end of **Section 23.18**:

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

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

3. The following statement is added to the end of **Article 5**:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires Redline to defer payment of the initial franchise fee and other initial payments owed by franchisees to Redline until Redline has completed its pre-opening obligations under this Agreement.

SIGNATURE PAGE TO RIDERS

If any one of the preceding Riders is checked as an "Applicable Rider" below, then that Rider shall be incorporated into the Franchise Agreement entered into by Redline Gear Cleaning Franchise Corp. and the undersigned Franchisee. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Applicable Rider shall supersede the terms of the Franchise Agreement.

Applicable Rider:

UNITED STATES

☐ California

☐ Illinois

☐ Maryland

☐ Virginia

Redline Gear Cleaning Franchise Corp.

Franchisee (Print Name)

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

ATTACHMENT B
(TO DISCLOSURE DOCUMENT)

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (this "**Agreement**") is made effective on the date set forth on the signature page hereof, by and among **REDLINE GEAR CLEANING FRANCHISE CORP.**, a Delaware corporation ("**Redline**"), located at 51 Lacombe Street, Unit 4, Marlborough, Massachusetts 01752, the undersigned franchisee (the "**Company**"), and the undersigned associate of the Company ("**Associate**").

RECITALS

A. Redline has developed and owns a unique system for establishing, operating and marketing businesses that provide mobile on-site cleaning and inspection of firefighter personal protective equipment using a specially equipped, customized truck ("**Redline Gear Cleaning Businesses**") under the mark REDLINE®, related service marks, trademarks, logos and trade names (collectively the "**Marks**") and using Redline's unique system for operating the business and related licensed methods of doing business ("**System**").

B. Redline and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of the products and services available in a Redline Gear Cleaning Business, which goodwill and reputation have been and will continue to be of major benefit to Redline.

C. The Company is a franchisee under an effective franchise agreement with Redline (the "**Franchise Agreement**").

D. Associate is or will become involved with the Company in the capacity of an officer, partner, director, manager, agent, employee, member, Managing Principal (as defined in the Franchise Agreement), Operations Manager (as defined in the Franchise Agreement), Principal Representative (as defined in the Franchise Agreement), beneficial owner, or independent contractor (such capacities collectively referred to as "**Affiliation**") or is related to a person who has an Affiliation with the Company, and will become privileged as to certain confidential information related to Redline, its operations, the Redline Gear Cleaning Businesses, and/or the System.

E. Redline and the Company require that Associate enter into this Agreement with them before Associate shall be allowed to have access to any confidential information of Redline (i) as a material term of the Franchise Agreement; (ii) in order to protect Redline's confidential know-how and distinctive systems, designs, décor, trade dress, specifications, standards, procedures and other trade secrets authorized or required by Redline for use in the operation of the Company's Redline Gear Cleaning Business; (iii) in order to protect Redline's proprietary rights in, and the Company's right to use, the confidential information of Redline; and (iv) in consideration of Associate's Affiliation with the Company.

F. Associate, the Company, and Redline have reached an understanding and agreement with regard to nondisclosure by Associate of confidential information and with respect to noncompetition by Associate with Redline and the Company.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate, the Company and Redline, intending legally to be bound, agree as follows:

1. <u>Confidential Information</u>. Associate recognizes and agrees that certain proprietary information relating to Redline and its operations ("**Confidential Information**") is owned by and treated

as confidential by Redline and the Company, including without limitation, (1) the System; (2) all proprietary information concerning Redline's business and the Redline Gear Cleaning Business format and operating procedures; (3) sales methods; (4) formulas or processes related to any products and services sold at Redline Gear Cleaning Businesses; (5) all of Redline's financial information other than financial information filed with any government regulatory agency; (6) information regarding the Mobile Extraction Unit ("**MEU**") design, décor and layout, including patent rights; (7) franchise sales processes and promotional methods and materials; (8) all nonpublic statistical information; (9) the strategic plan, budgets and projections for Redline; (10) all information concerning negotiations of any kind conducted by Redline whether pending or completed; (11) all marketing research data and marketing plans; (12) all lead generation or prospecting methods; (13) all information contained in Redline's operations manual, and any other manual, written instructional guides, or other nonpublic written information; (14) internal lists of Redline's current and former franchisees and customers of Redline and of its franchisees, including contact information such as physical addresses and e-mail addresses thereof; and (15) all other information which gives Redline and its affiliates an opportunity to obtain an advantage over their competitors or that may be considered a trade secret or proprietary and such Confidential Information that may be further developed from time to time by Redline. Such Confidential Information is unique, exclusive property and a trade secret of Redline.

2. Use and Disclosure of Confidential Information. Associate acknowledges that, in connection with Associate's Affiliation with the Company, Redline or the Company will disclose in strict confidence certain Confidential Information necessary for the operation of a Redline Gear Cleaning Business. Associate specifically acknowledges that the Confidential Information is valuable, unique and comprises a key portion of the assets of Redline; and Associate agrees that he or she will not utilize all or any portion of the same for Associate's personal benefit during the term of Associate's Affiliation with the Company, nor in any manner use the same subsequent to the termination of Associate's Affiliation with the Company or the termination or expiration of the Franchise Agreement, nor disclose any of the same to any person, firm, corporation or other entity whatsoever, including but not limited to a Competitive Business, as defined below, at any time for any reason or purpose, without the prior written consent of Redline. Associate shall not copy, publish or otherwise duplicate the Confidential Information or permit others to do so and shall return all Confidential Information to Redline or the Company upon termination of Associate's Affiliation with the Company. Associate may disclose to other employees, agents, or representatives of Redline or the Company the Confidential Information only to the extent necessary for such employees, agents or representatives to carry out their intended function. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Company. Associate further acknowledges that the Company has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Company has taken numerous precautions to guard the secrecy of the Confidential Information and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3. Noncompetition Covenant. Associate covenants and agrees that, during the term of his or her Affiliation, except while conducting the Company's business in a manner authorized by Redline and the Company, Associate shall not, either directly or indirectly through any member of Associate's immediate family, separate business entity or otherwise:

a. have any direct or indirect interest as a disclosed or beneficial owner in a "Competitive Business," as defined below;

b. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business;

c. divert or attempt to divert any business related to, or any customer or account of the Company's Redline Gear Cleaning Business, Redline's business, or any other Redline franchisee's business; or

d. divert or attempt to divert the employment of any employee of the Company, Redline, Redline's affiliates, or another Redline franchisee to any Competitive Business.

The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, a business that is similar to a Redline Gear Cleaning Business, including a business that provides mobile on-site cleaning and inspection of firefighter personal protective equipment; provided, however, Associate shall not be prohibited by this Agreement from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 2 percent or less of that class of securities issued and outstanding.

As used in this Agreement, "immediate family" shall mean any parent, adult child, spouse or sibling of Associate.

4. Post-Termination Covenant Not to Compete. Associate covenants and agrees that, for a period of 36 months after the earlier of (i) the effective date of termination or expiration of Associate's Affiliation with the Company, or (ii) the effective date of termination or expiration of the Company's Franchise Agreement, neither Associate, nor any member of Associate's immediate family, shall have any direct or indirect interest, as a disclosed or a beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in or with any other capacity, in any "Competitive Business" located or operating within a 250-mile radius of the closest point of the Company's "Territory" (as defined in Company's Franchise Agreement with Redline) or within a 250-mile radius of the closest point of the territory of any other franchised, company-owned or affiliated-owned Redline Gear Cleaning Business. If Associate or any member of Associate's immediate family breaches this Section, then the 36-month period under this Section shall start on the date that Associate or its family member, as applicable, is enjoined from such activity or ceases such activity, whichever is later. Associate expressly acknowledges that it and its immediate family members, officers, directors, shareholders, managers, equity owners, and/or partners possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of this covenant will not deprive them of their personal goodwill or ability to earn a living.

5. Audit of Business Records. Redline or its authorized agent may request, receive, inspect, and audit any business records, financial or otherwise, of Associate, Associate's immediate family members, or any party affiliated with Associate or its immediate family members, including any companies or entities associated with Associate or its immediate family members, that Redline in its sole discretion determines may be relevant in determining Associate's compliance with the terms of this Agreement or the Company's business results. The records subject to this audit include but are not limited to (i) tax returns; (ii) quarterly and/or annual financial statements, including profit and loss statements and balance sheets; (iii) copies of check ledgers and bank statements for checking and savings accounts; (iv) copies of any checks or other evidence of payments; (v) all business contracts or agreements; and (vi) any other documents requested by Redline. Any such inspection or audit shall be conducted in accordance with the audit provisions set forth in the Franchise Agreement, which are deemed incorporated herein. Inspections and audits conducted at Associate's business location or other location where the records are held may take place without prior notice, during normal business hours. Redline may also require at any time the records from Associate or its affiliated parties be sent to Redline's offices or another location to permit the inspection or audit of such records to be conducted at Redline's place of business or the other location. If Redline notifies Associate that documents are to be

sent to a location other than Associate's business location for the purpose of conducting an inspection or audit at that location, Associate shall provide the requested documents to Redline within the time period set forth in Redline's notice. Redline may audit and inspect documents covering a period beginning with the date on which Associate's Affiliation commenced and ending on the date such audit is concluded. All documents provided for Redline's inspection or audit must be certified by Associate and the appropriate affiliated party, if applicable, as true, complete and correct. Inspections and audits may be conducted following the expiration or termination of Associate's Affiliation for any reason.

6. Invalidity. If any provision of this Agreement is held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority, arbitrator or otherwise having jurisdiction, the parties authorize and request such court, governmental authority, or arbitrator to modify the provision held to be void, voidable, invalid, unenforceable or inoperative to contain such lesser covenants that impose the maximum duty permitted by law so that the provision is upheld as valid, and the parties agree to be bound by such modified provision. Such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

7. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, Redline or the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which Redline or the Company may be entitled. Associate agrees that Redline or the Company may obtain such injunctive relief, without posting a bond or bonds, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon hearing duly had. Associate hereby expressly waives all claims for damages by reason of a wrongful issuance of any such injunction.

8. Assignment. The Company or Redline may assign all or part of this Agreement and the rights which inure to either of them hereunder without the consent of Associate, provided that any assignment by the Company shall require the written consent of Redline. This Agreement shall not be assignable by Associate.

9. Effect of Waiver. The waiver by Associate, the Company, or Redline of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof, and in no event shall such a waiver be binding upon Redline unless it is in writing and signed by an authorized representative of Redline.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate, the Company, and Redline, and their respective heirs, executors, representatives, successors and assigns. This Agreement shall be binding on Associate and enforceable by Redline and the Company regardless of whether or not it is signed by Redline or the Company.

11. Entire Agreement. This instrument contains the entire agreement of Associate, the Company, and Redline relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. Both Associate and the Company agree that no change to this Agreement shall be made without the written consent of Redline having first been obtained. The Recitals set forth at the beginning of this Agreement are binding on the parties and are specifically incorporated herein by this reference.

12. Governing Law. If Redline is a party to any action, this Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts. Otherwise, this Agreement shall

be governed by and construed under the laws of the state, province, or country where the Company is located.

13. Arbitration.

a. Any and all controversies, disputes or claims between Redline, its subsidiaries and affiliated companies or their shareholders, members, managers, officers, directors, agents, employees and attorneys (in their representative capacity); the Company, its shareholders, members, managers, officers, directors, agents and employees; and/or Associate arising out of or related to: (1) this Agreement; (2) the relationship of the parties; or (3) the validity of this Agreement shall be submitted for binding arbitration; except for actions for injunctive relief pursuant to Section 7 above, which actions Redline and/or the Company at their option may bring either in a court of competent jurisdiction or in arbitration. If Redline is a party to any controversy, dispute or claim, such arbitration proceedings shall be conducted in the county and state of Redline's headquarters at the time the arbitration proceeding is commenced, and will be submitted to the American Arbitration Association ("**AAA**"). Arbitration proceedings will be heard by one arbitrator in accordance with the then current rules of AAA that apply to commercial arbitration. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The arbitrator shall be a resident of the Commonwealth of Massachusetts, knowledgeable of Massachusetts law and fluent in English. The arbitration proceeding and all other hearings shall be conducted in English only, although any party shall have the right, at that party's option and sole expense, to have a translator present at the proceeding or other hearings.

b. If Redline is not a party to such controversy, dispute or claim, such arbitration proceedings shall be conducted within the Territory (as defined in the Franchise Agreement between Company and Redline) of the Company and will be heard by one arbitrator in accordance with the then current commercial arbitration rules of any arbitration group mutually acceptable to the Company and Associate, and if the Company and Associate cannot agree on an arbitration group within 30 days after demand for arbitration, then the AAA shall conduct such arbitration in accordance with its then current commercial arbitration rules. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court.

14. Attorneys' Fees. If Redline or the Company must enforce any of the provisions or rights under this Agreement in any action at law or in equity and if the Company and/or Redline is successful in such litigation or arbitration as determined by the court or arbitrator in a final judgment or decree taking into consideration the merits of the claims asserted by each party, then Associate shall pay Redline or the Company, as applicable, all costs, expenses and reasonable attorneys' fees incurred by Redline and/or the Company (including without limitation such costs, expenses and fees on any appeals), and if Redline and/or the Company shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

15. Definitions. All capitalized terms not defined in this Agreement have the respective meanings set forth in the Franchise Agreement between the Company and Redline.

16. Cross Default. A default by Associate under this Agreement will be deemed a default of all agreements between the Company and Redline, unless waived by Redline in writing.

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

REDLINE:

Redline Gear Cleaning Franchise Corp.,
a Delaware corporation

By:_____
Its:_____
Date: _____

COMPANY:

_____
a _____

By:_____
Its:_____
Date: _____

ASSOCIATE:

_____
Name:_____
Date: _____

ATTACHMENT C
(TO DISCLOSURE DOCUMENT)

STATEMENT OF PROSPECTIVE FRANCHISEE

REDLINE GEAR CLEANING FRANCHISE CORP.
STATEMENT OF PROSPECTIVE
FRANCHISEE

(Note: Dates and Answers Must be completed in the Prospective Franchisee's Own Handwriting.)

Since the prospective franchisee (also called "me," "our", "us", "we", and/or "I" in this document) and REDLINE GEAR CLEANING FRANCHISE CORP. (also called "you", or "your") both have an interest in making sure that no misunderstanding exist between each of us, and to verify that no violations of law might have occurred, and understanding that we are relying on the statements I/we make in this document, I/we advise you as follows:

A. The following dates and information are true and correct:

1. The date of our first face-to-face meeting with any person to discuss the possible purchase of a Redline Gear Cleaning franchise.

_____

2. The date on which I/we received a Franchise Disclosure Document providing me/us with information regarding the purchase of a Redline Gear Cleaning franchise.

_____

3. The date when I/we received a fully completed copy (other than signatures) of the Franchise Agreement and all other documents I/we later signed.

_____

4. The earliest date on which I/we signed the Franchise Agreement, or any other binding document (not including any Receipt evidencing our receipt of the Franchise Disclosure Document).

_____

5. The earliest date on which I/we delivered cash, a check or other consideration to you, or any other person or company.

_____

B. Representations and Other Matters:

1. No oral, written, visual or other promises, agreements, commitments, or representations of any type, including, but not limited to, any which expanded upon or were inconsistent with the Franchise Disclosure Document or the Franchise Agreement, have been made to me/us with respect to any matter nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement, or a written Addendum thereto signed by me/us and an officer of you, except as follows: _____
_____
_____
_____.

(If none, write NONE in your own handwriting.)

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by any person or entity, nor have I/we relied in any way on any such, except for the information expressly set forth in the Franchise Disclosure Document, if any, except as follows:__
_____
_____
_____
_____.

(If none, write NONE in your own handwriting).

3. No contingency, prerequisite, reservation or other condition exists with respect to any matter (including, but not limited to, my/our obtaining any financing, my/our selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or my/our fully performing any of my/our obligations, nor am I/we relying on you or any other entity to provide or arrange financing of any type, nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement, or a written Addendum thereto signed by me/us and an officer of you, except as follows: _____
_____
_____.

(If none, write NONE in your own handwriting).

4. I/we understand that the information contained in ITEM 19 of the Franchise Disclosure Document, if any, is not intended to express or infer an estimate, projection or forecast of revenues, sales, expenses, income or earnings to be derived in connection with any particular franchise. I/we understand that you make no representation to whether I/we will ever be able to sell any products or services, or the length of time it will take me/us to realize any gross revenues, net income or any other financial results. I/we understand that my/our actual financial results are likely to differ from the figures presented. I/we understand that you do not represent that I/we can expect to attain the revenues or limit my/our expenses to those contained in ITEM 19 of the Franchise Disclosure Document, if any, or that I/we can do as well as the outlets included therein. If I/we rely on those figures, I/we accept the risk of not doing as well. I/we acknowledge that my/our ability to achieve any level of income will depend upon factors not within your control, including the occurrence of certain start-up and operating expenses and the amount of those expenses, and my/our level of expertise.

5. If the prospective franchisee or are representative is a business entity, the individuals signing for the "Prospective Franchisee" constitute all of the executive officers, members, managers, partners, shareholders, investors and/or principals (as applicable) of the Prospective Franchisee and each of such individuals has received the Franchise Disclosure Document and all attachments and carefully read, discussed, understands and agrees to the Franchise Agreement and each written attachment, addendum, or exhibit.

6. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and you

have strongly recommended that I/we obtain such independent professional advice. I/we have also been advised by you to discuss my/our proposed purchase of, or investment in, a Redline Gear Cleaning franchise with one or more of your existing franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing Redline Gear Cleaning franchisees.

7. I/we understand that entry into any business venture necessarily involves certain risk of loss or failure, that the purchase of a Redline Gear Cleaning franchise (or any other franchise) is a speculative investment, that investment beyond the amounts outlined in the Franchise Disclosure Document may be required to succeed, that there exists no guaranty against possible loss or failure in this or any other business and that the most important factors in the success of any Redline Gear Cleaning Business, including the one to be operated by me/us, are my/our personal business, marketing, sales, management, judgment and other skills.

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will make a written statement regarding such next to my signature below so that you may address and resolve any such issue(s) at this time and before either party goes forward.

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: _____

PROSPECTIVE FRANCHISEE:

By: _____
Print Name: _____

By: _____
Print Name: _____

By: _____
Print Name: _____

All of the above is true, correct and complete to the best of my knowledge.

Franchise Marketing Representative: _____

Reviewed by: _____
(for Redline Gear Cleaning Franchise Corp.)

President/Vice President: _____ Agreement Number: _____

MARYLAND RIDER TO THE
REDLINE GEAR CLEANING FRANCHISE CORP.
STATEMENT OF PROSPECTIVE FRANCHISEE
DATED _____

1. This Statement of Prospective Franchisee is not required to be signed by Maryland franchisees or for franchises to be operated in Maryland.

_____
Prospective Franchisee

_____
Prospective Franchisee

_____
Prospective Franchisee

ATTACHMENT D
(TO DISCLOSURE DOCUMENT)

CURRENT FORM OF GENERAL RELEASE

THE FOLLOWING FORM OF GENERAL RELEASE AGREEMENT IS A SAMPLE OF OUR CURRENT FORM OF GENERAL RELEASE AGREEMENT. THIS AGREEMENT IS OFTEN MODIFIED TO CONFORM TO THE FACTS SURROUNDING THE EVENT OR INCORPORATED INTO A LARGER AGREEMENT WHICH MORE PRECISELY ADDRESSES THE EVENT. WE MAKE NO REPRESENTATION OR GUARANTY THAT THE GENERAL RELEASE AGREEMENT YOU MAY BE REQUIRED TO SIGN WILL BE IDENTICAL TO THE GENERAL RELEASE AGREEMENT SET FORTH BELOW.

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (this "**Agreement**") is made as of _____, 20____ by and between Redline Gear Cleaning Franchise Corp., a Delaware corporation ("**FRANCHISOR**") and _____, a(n) _____ ("**FRANCHISEE**").

RECITALS

A. FRANCHISOR and FRANCHISEE entered into that certain Franchise Agreement dated _____, 20___, (the "**Franchise Agreement**").

B. FRANCHISEE desires to _____ its rights and obligations under Franchise Agreement.

C. As a condition to the _____ of FRANCHISEE's rights and obligations under the Franchise Agreement, FRANCHISOR requires FRANCHISEE to execute this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the terms and conditions set forth below, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. **Release**. FRANCHISEE, for itself, its principals, owners, directors, officers, employees, heirs, assigns, agents and representatives, fully and forever unconditionally releases and discharges FRANCHISOR, and its shareholders, directors, officers, employees, successors, assigns, agents and representatives (collectively referred to as "**FRANCHISOR's Affiliates**") from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever, in law or in equity, whether known or unknown to it, which it may now have against FRANCHISOR or the FRANCHISOR's Affiliates or which it may discover hereafter, in connection with, as a result of, or in any way arising from, any relationship or transaction with FRANCHISOR or the FRANCHISOR's Affiliates, however characterized or described, from the beginning of time until the date of this Agreement.

2. **Notice**. Any notice, request, demand, statement or consent made under this Agreement shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, and shall be deemed given when personally delivered or three days after deposit in the United States Mail, postage prepaid, and properly addressed to the other party at its address as set forth below. Each party may designate a change of address by notice to the other party in accordance with this Section.

If to FRANCHISEE: _____
_____
_____

If to FRANCHISOR: Redline Gear Cleaning Franchise Corp.
51 Lacombe Street, Unit 4
Marlborough, Massachusetts 01752

3. **Massachusetts Laws**. This Agreement shall be interpreted by the laws of the Commonwealth of Massachusetts. Should any provision of this Agreement be found to violate the statutes or court decisions of the Commonwealth of Massachusetts or of the United States, that provision shall be deemed to be amended to comply with and conform to such statutes or court decisions to affect the intent of the parties hereto.

4. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, trustees, receivers, personal representatives, legatees and devisees of the parties.

5. **Attorneys' Fees**. Each party shall be responsible for paying its and his or her own costs and expenses incurred in the preparation of this Agreement. However, in the event of any litigation between the parties based upon an alleged breach or default in their respective obligations to be fulfilled pursuant to this Agreement, the prevailing party in the action shall be entitled to recover attorney's fees and court costs from the non-prevailing party(ies).

6. **Entirety**. This Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and understandings related to the subject matter hereof.

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

FRANCHISOR:	**FRANCHISEE:**
Redline Gear Cleaning Franchise Corp.	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ATTACHMENT E
(TO DISCLOSURE DOCUMENT)

OPERATIONS MANUAL TABLE OF CONTENTS

REDLINE GEAR CLEANING
FRANCHISEE OPERATIONS MANUAL
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1. PREFACE & INTRODUCTION

2. ESTABLISHING the BUSINESS
    a. ORDERING MEU
    b. ESTABLISH SUITABLE GARAGE FACILITY
    c. INSURANCE/PERMITTING REQUIREMENTS
    d. STATE REGISTRATIONS (WHERE APPLICABLE)

3. PERSONNEL
    a. POSITION DESCRIPTIONS
    b. RECOMMENDED REQUIREMENTS

4. ADMINISTRATIVE PROCEDURES
    a. USING THE REDLINE DATABASE
        i. USING REDLINE DATA INPUT TABLET
        ii. SERVICE APPOINTMENT REPORTS
    b. CUSTOMER BILLING
    c. FRANCHISE REPORTING
    d. DRESS CODE/UNIFORM REQUIREMENTS
    e. POLICIES AND PROCEDURES

5. DESCRIPTION of REDLINE SERVICES
    a. CUSTOMER QUOTATIONS
    b. SERVICE AGREEMENTS
    c. RECOMMENDED PRICING MODELS

6. MARKETING REDLINE SERVICES

7. MOBILE EXTRACTION UNIT
    a. OVERVIEW OF MEU
    b. MEU EQUIPMENT DETAIL
    c. MAINTENANCE AND UPKEEP of MEU

8. GEAR CLEANING OPERATIONS
    a. INITIAL SET-UP
    b. PPE GEAR INVENTORY
    c. INITIAL INSPECTION PROCESS

d. PPE PREPERATION
e. CLEANING PROCESS
f. DRYING PROCESS
g. PPE ASSEMBLY AND PACKING

9. GEAR REPAIR PROCEDURES

NOTE: The Redline Gear Cleaning Franchise Operations Manual is made available to Redline Franchisees on-line using a secure web site. Access to the Operations Manual is provided to franchisees once a franchise is acquired. If this manual were available in print form, it would be approximately 100 pages.

ATTACHMENT F
(TO DISCLOSURE DOCUMENT)

LIST OF FRANCHISEES

LIST OF FRANCHISEES
AS OF DECEMBER 31, 2023

LIST OF FRANCHISEES WITH OPENED OUTLETS

Colorado

Rocky Mountain PPE LLC
128 30th Street
Greeley, Colorado 80631
970-396-3238

LIST OF FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT FOR OUTLETS NOT YET OPEN

Illinois

Saltyshift4, LLC
Tammy Bailey
5775 Meremac
Smithton, Ilinois 62285
(618) 975-0203

New Jersey

Gearly LLC
Michael Miller
7 Camridge Ct.
Moorsetown, New Jersey 08057
(856) 266-3179

Virginia

Hanover Safety Solutions, LLC
Matthew Combee
6356 Yellowrose Lane
Mechanicsville, Virginia 23111
(804) 357-4219

ATTACHMENT G
(TO DISCLOSURE DOCUMENT)

FRANCHISEES WHO HAVE LEFT THE SYSTEM

FRANCHISEES WHO HAVE LEFT THE SYSTEM

Listed below is the name and last known city, state and telephone number of every franchisee who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their respective franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

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

NONE

ATTACHMENT H
(TO DISCLOSURE DOCUMENT)

FINANCIAL STATEMENTS

REDLINE GEAR CLEANING FRANCHISE CORP
FINANCIAL STATEMENT
DECEMBER 31, 2023

REDLINE GEAR CLEANING FRANCHISE CORP
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Statements of Operations and Member's (Deficit)	Page 4
Statement of Cash Flows	Page 5
Footnotes	Page 6-7

MUHAMMAD ZUBAIRY, CPA PC
Certified Public Accountant
646.327.7013

INDEPENDENT AUDITOR'S REPORT

To the Members of
Redline Gear Cleaning Franchise Corp

Opinion

We have audited the financial statements of Redline Gear Cleaning Franchise Corp which comprises the balance sheets as of December 31, 2023, 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 Redline Gear Cleaning Franchise Corp as of December 31, 2023, 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 Redline Gear Cleaning Franchise Corp 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 statement 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 statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Redline Gear Cleaning Franchise Corp 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 statement as a whole is 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.

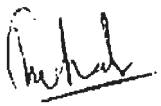
Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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 Redline Gear Cleaning Franchise Corp'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 Redline Gear Cleaning Franchise Corp'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.



Muhammad Zubairy, CPA PC
Westbury, NY
March 13, 2024

REDLINE GEAR CLEANING FRANCHISE CORP
BALANCE SHEET

ASSETS

	YEAR ENDED DECEMBER 31	
	2023	2022
Current Assets		
Cash	$ 21,796	$ 14,769
Accounts Receivable	12,801	—
Total Current Assets	34,597	14,769
Total Assets	$ 34,597	$ 14,769

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Accrued Expenses	4,465	4,500
Accounts Payable	252,855	101,655
Contract Liabilty	16,315	—
Note Payable - HC Risk Reduction	31,176	30,378
Total Liabilities	304,811	136,533
Contract Liabilty, net of current	61,754	—
Shareholders' Equity (Deficit)	$ (331,968)	$ (121,764)
Total Liabilities and Shareholders' (Deficit)	$ 34,597	$ 14,769

See Notes to financial statements

REDLINE GEAR CLEANING FRANCHISE CORP
STATEMENTS OF OPERATIONS AND SHAREHOLDERS' Equity

	YEAR ENDED DECEMBER 31	
	2023	2022
Revenues		
Royalties	$ 11,409	$ —
Franchise fees	3,506	—
Brand development fees	2,074	—
Other Income	750	—
Total Revenue	17,739	—
Advertising Expenses	28,545	9,000
Operating Expenses	199,398	113,064
Total Expenses	227,943	122,064
Net Loss	(210,204)	(122,064)
Shareholders' Equity (Deficit) - Beginning	(121,764)	—
Shareholders' contributions	—	300
Shareholders' Equity (Deficit) Equity - Ending	$ (331,968)	$ (121,764)

See Notes to financial statements

REDLINE GEAR CLEANING FRANCHISE CORP
STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2023	2022
Cash Flow From Operating Activities		
Net income (loss)	$ (210,204)	$ (122,064)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(12,801)	—
Note Payable	798	30,378
Accounts payable and accrued expenses	151,165	106,155
Contract Liabilty	78,069	—
	7,027	14,469
Cash Flow from Financing Activities		
Shareholders' contributions	—	300
	—	300
Net Increase (Decrease) In Cash	7,027	14,769
Cash - Beginning of Year	14,769	—
Cash - End of Year	$ 21,796	$ 14,769

See Notes to financial statements

1. THE COMPANY

Redline Gear Cleaning Franchise Corp (the "Company") was established in the state of Delaware on May 19, 2022, for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business, as a franchise. The franchise offered is for Redline Gear Cleaning Franchise Corp, to revolutionized how turnout gear and equipment is cleaned and inspected by providing same day and onsite services. As an operator, Franchisees can rely on the Company's innovative technology and operator first business model to grow their own businesses.

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 Redline Gear Cleaning business for a specified number of years. As of December 31, 2023, there was one franchisee that was operational and three franchisees under contract but not yet operational.

Revenue Recognition-The Company records revenue in accordance with the May 2014 guidance issued by the Financial Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company will amortize any franchise fees, net of allowable expenses, as well as any commissions, over the life of its franchise agreements.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. 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 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 differ from those estimates.

Income Taxes-The Company's entity was organized as a C Corporation. Accordingly, provision for federal and state income tax have been included in the financial statements. On December 31, 2023, the Company does not have current tax liability as it did not generate any taxable income in 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Company has adopted the recognition requirements for uncertainty in income taxes as required by ASC 740-10. The standard prescribes a comprehensive model for how an organization should recognize, measure, present and disclose in the financial statement's uncertainty in income taxes. In evaluating the Company's tax provisions and accruals, interpretations and tax planning strategies are considered. The Company believes its estimates are appropriate based on current facts and circumstances and have not recorded any reserves or related accruals for interest and penalties for uncertainty in income taxes as of December 31, 2023.

Advertising - The Company expenses advertising as incurred. The Company incurred approximately $9,000 and $28,545, in advertising costs for the years ended December 31, 2022 and 2023, respectively.

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. CONTRACT LIABILITY

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606") as adjusted by ASU 2021-02, the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2023, and December 31, 2022, were $78,069 and $0, respectively.

3. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statement is 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 statement. Subsequent events have been evaluated through March 21, 2024, the date the financial statement was available to be issued.

ATTACHMENT I
(TO DISCLOSURE DOCUMENT)

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES AND
AGENTS FOR SERVICE OF PROCESS

STATE	STATE AGENCY	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 One Sansome Street, Suite 600 San Francisco, California 94104-4448 (415) 972-8565 2101 Arena Boulevard Sacramento, California 95834 (916) 445-7205 (866) 275-2677 (toll free) www.dfpi.ca.gov ask.DFPI@dfpi.ca.gov	Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)
FLORIDA	Florida Department of Agriculture and Consumer Services Division of Consumer Services Attn: Finance & Accounting 407 South Calhoun Street Tallahassee, Florida 32399-0800 (850) 410-3800	None
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General Same Address
INDIANA	Indiana Secretary of State Division of Securities 302 West Washington Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6531
IOWA	Iowa Secretary of State 321 E. 12th Street Des Moines, Iowa 50319 (515) 281-5204	Same
MARYLAND	Office of Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address

STATE	STATE AGENCY	AGENT FOR SERVICE OF PROCESS
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445	None
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231 (518) 473-2492
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140	Director of Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140
RHODE ISLAND	State of Rhode Island and Providence Plantations Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex - Building 69-1 Cranston, Rhode Island 02920 (401) 462-9500	Director of Rhode Island Department of Business Regulation Same Address
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South, 2nd Floor Salt Lake City, UT 84114 801-530-6601	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Director of Financial Institutions 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760

STATE	STATE AGENCY	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Department of Financial Institutions Division of Securities. Washington Avenue, Suite 300 Madison, Wisconsin 53703 P.O. Box 1768 Madison, Wisconsin 53701-1768 (608) 266-8557	Administrator, Division of Securities Same Address

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

ATTACHMENT J
(TO DISCLOSURE DOCUMENT)

STATE SPECIFIC ADDENDA

STATE LAW ADDENDA TO THE
REDLINE GEAR CLEANING FRANCHISE CORP.
FRANCHISE DISCLOSURE DOCUMENT

The following modifications are to the Redline Gear Cleaning Franchise Corp. Franchise Disclosure Document for the states noted below.

CALIFORNIA

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

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 WEBSITES (www.redlinegearcleaning.com and www.redlinegearcleaning.com/franchise) HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

1. The following paragraph is added to the end of Item 3:

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

2. The following statement is added at the end of Item 5:

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

3. The following statement is added at the end of Item 6:

In the event that California law is determined to apply, the maximum interest rate permitted under California law varies but is generally 10 percent per annum.

4. The following statement is added at the end of the section titled "Continuing Assistance" in Item 11:

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents

the law of the State of California, we will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

5. The following paragraphs are added to the end of Item 17:

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur in Massachusetts with the costs being awarded to the prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (such as Business and Professions Code 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of the Franchise Agreement restricting venue to a forum outside the State of California.

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

Section 31125 of the Franchise Investment Law requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You may be required to sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

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

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

7. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

ILLINOIS

1. Illinois law governs the Franchise Agreement.

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

3. Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

6. Item 5 is amended to state that the payment of the initial fees payable to us and any of our affiliates is deferred until all of our initial obligations under the Franchise Agreement have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition

MARYLAND

1. The following sentence is added at the end of Item 5:

> Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. The following provisions shall apply to all residents of the State of Maryland and to all Franchises offered and sold in the State of Maryland:

> The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. §§ 101 et seq.).
>
> The General Release required as a condition of renewal, sale and/or assignment/transfer, mentioned in Items 17.c and 17.m, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> Item 17.v is amended to state: "Arbitration or litigation in Marlborough, Massachusetts (except for litigation of claims arising under the Maryland Franchise Registration and Disclosure Law). Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise. If the

Franchise Agreement permits you to file a lawsuit, rather than requiring arbitration, you may file that suit in Maryland."

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

NEW YORK

1. The following information is added to the Cover Page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN ATTACHMENT I OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for

registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to 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.

3. The following is added to the end of the "Summary" sections of Item 17.c, titled "Requirements for franchisee to renew or extend," and Item 17.m, titled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued hereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17.d, titled "Termination by franchisee":

You may terminate the Franchise Agreement upon any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17.v, titled "Choice of forum," and Item 17.w, titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York. (The foregoing language has been included in this Disclosure Document as a condition of registration. We and you do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. We and you intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by us, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.)

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

7. Receipts -- Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

WE REPRESENT THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Redline Gear Cleaning Franchise Corp. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

3. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

State Effective Dates

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

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

State	Effective Date
California	PENDING
Hawaii	NOT EFFECTIVE
Illinois	PENDING
Indiana	NOT EFFECTIVE
Maryland	PENDING
Michigan	March 22, 2024
Minnesota	NOT EFFECTIVE
New York	PENDING
North Dakota	NOT EFFECTIVE
Rhode Island	NOT EFFECTIVE
South Dakota	NOT EFFECTIVE
Virginia	PENDING
Washington	NOT EFFECTIVE
Wisconsin	NOT EFFECTIVE

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 Redline Gear Cleaning Franchise Corp. ("we") offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Attachment I.

We authorize the parties identified on Attachment I to receive service of process for us in the particular state.

The following Franchise Sellers were involved in the offering of this franchise:

The following employee(s) of ours, having a principal business address of 51 Lacombe Street, Unit 4 Marlborough, Massachusetts 01752 and telephone number of 844-773-7356: Ron Matros, Michael Matros, and_____.

The following independent sales agent (we request that the prospective franchisee fill in the information if known): _____, having a principal business address at: _____ _____, telephone number: _____.

Issuance Date: March 22, 2024.

I received a Disclosure Document dated March 22, 2024, that included the following Attachments:

Attachment A	Franchise Agreement	Attachment G	Franchisees Who Have Left the System
Attachment B	Nondisclosure and Noncompetition Agreement	Attachment H	Financial Statements
Attachment C	Statement of Prospective Franchisee	Attachment I	List of State Agencies/Agents for Service of Process
Attachment D	Current Form of General Release	Attachment J	State Addendum to Disclosure Document
Attachment E	Operations Manual Table of Contents		
Attachment F	List of Franchisees		

DATE: _____

_____

Prospective Franchisee

Print Name:_____

Please retain this copy for your records.

Receipt

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

If Redline Gear Cleaning Franchise Corp. ("we") offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale.

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Attachment F	List of Franchisees		

DATE: _____

_____

Prospective Franchisee

Print Name: _____

IMPORTANT: PLEASE IMMEDIATELY SIGN AND SCAN AND E-MAIL IT TO RON MATROS, FRANCHISE@REDLINEGEARCLEANING.COM, THEN RETURN THE ORIGINAL OF THIS PAGE BY MAIL OR COURIER TO REDLINE GEAR CLEANING FRANCHISE CORP., 51 LACOMBE STREET, UNIT 4 MARLBOROUGH, MASSACHUSETTS 01752.