# FRANCHISE DISCLOSURE DOCUMENT

**RYTECH FRANCHISING, INC.**
**A Georgia Corporation**
**1690 Roberts Blvd. NW, Suite 120**
**Kennesaw, GA 30144**
**770-977-8787**
**franchiseopportunities@rytech.com**
**www.rytech.com**

The franchisee will operate a Rytech water damage restoration, applied structural drying, mold remediation, and restorative drying services business and provide ancillary products and services.

The total investment necessary to begin operation of a Rytech franchised business is from **$161,500 to $285,100.** This includes **$60,000** per approximate minimum population between 350,000 to 400,000 that must be paid to the franchisor or its affiliates. After a population of 400,000 is reached, each additional person acquired shall be 20 cents per person. The range between a population of 400,001 – 500,000 is **$60,000.20 - $85,000** which must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Administration Department at 1690 Roberts Blvd., NW Suite 120, Kennesaw, Georgia 30144, telephone number: (770) 977-8787.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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 the FTC at 600 Pennsylvania Ave., NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 1, 2023, revised August 2, 2023

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 and Exhibits E and F. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit G 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 Rytech 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 Rytech franchisee?** | Item 20 or Exhibits E and F lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

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

2. **Mandatory Minimum Payments.** You must make minimum royalty and advertising payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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

To simplify the language in this Disclosure Document, the terms "We", "Us", or the "Company" means Rytech Franchising, Inc., the franchisor, (but not our officers, directors, agents or employees). "You" or "Franchisee" means the person who buys a franchise from us. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your shareholders, members and owners.

The Franchisor, its Predecessor, and its Affiliates. We are a Georgia corporation, incorporated on November 25, 1996. The principal business and mailing address of the Company is 1690 Roberts Blvd. NW Suite 120 Kennesaw, Georgia 30144. The telephone number is (770) 977-8787 and the FAX number is (770) 977-0133. The Company's agent for service of process is URS Agents, LLC, 2675 Crestwood Parkway, Suite 350, Duluth, GA 30096.

We do not have a predecessor company.

Our parent company is RyBrands, Inc., a Florida corporation, with a business and mailing address of 1690 Roberts Blvd. NW Suite 120 Kennesaw, Georgia 30144. The telephone number is (770) 977-8787. It has been in business since January 1, 2020. Our parent company does not offer franchises in any line of business.

We have two affiliated business entities and three affiliated company locations, which are wholly owned by our parent, RyBrands, Inc. None of our affiliates offer franchises in any line of business.

Our affiliated business entities are:

(1) Rytech Admin Services, LLC is a Georgia limited liability company located at 1690 Roberts Blvd. NW, Suite 120, Kennesaw, GA 30144. It has been in business since January 1, 2015.

(2) Rytech, Inc., a Georgia corporation, 1690 Roberts Boulevard NW, Suite 120, Kennesaw, GA 30144. Until 2022, it operated a company location in Atlanta, Georgia until 2022. This location has been sold to a franchisee. It has been in business since January 31, 1995 and currently holds no assets.

Our affiliated company locations are:

(1) Rytech North Florida, Inc., a Florida corporation, located at 309 Altamonte Commerce Blvd; Ste 1506, Altamonte Springs, FL; which also operates Rytech of North Orlando, Rytech of South Orlando; and Rytech of Tampa/Saint Petersburg. It has been in business since April 3, 1998.

(2) Rytech of Southern Florida Inc., a Florida corporation, which operates; and, Rytech of SWFL Sarasota-South West Coast, 2467 Starview Ave., North Port, FL. 34288. It has been in business since September 10, 2013.

Our Business. We offer and sell franchises under the Rytech trademarks which specialize in water damage restoration, insurance restoration services, applied structural drying, mold remediation, restorative drying services business, fire and smoke damage cleaning and mitigation, personal contents cleaning, packing, storing and other ancillary products and services ("Franchised Business"). Future offerings may include residential insurance restoration general contracting. We are not engaged in any other business. From time to time, we may also own or operate similar businesses, but it does not do so at the present time.

The Rytech Franchise. Under the Franchise Agreement (the "Franchise Agreement" or the "Agreement"), which is **Exhibit C** to this Disclosure Document, we offer qualified purchasers the right to establish and

operate within a specified territory (the "Territory") a Franchised Business. Our system includes distinctive designs; uniform standards, specifications, policies, and procedures for operations; quality and uniformity of the products and services offered; procedures for management, financial controls; training and assistance; advertising and marketing; pricing and other standards, specifications, techniques, and procedures that we designates for developing and operating Rytech Franchised Businesses; all of which may be changed, deleted, improved, and further developed by us from time to time (collectively, “Systems” and “Standards”). Rytech or its affiliates may develop and offer Optional Programs in the future. You may choose to participate in any of these Optional Programs, but additional fees, training and other qualifications may be required. In addition, your election to participate in an Optional Program may affect your requirements for inventory, equipment, supplies, personnel and operating capital.

You must operate the Franchised Business under the trademark, "Rytech," and other trademarks, service marks, trade dress, logos and symbols (collectively “Marks”) we designate (or may later designate). You must operate in accordance with the standards and procedures designated by us, and according to our Operations Manuals (the "Manual"), the Franchise Agreement and other written directives within a specified Territory (see Item 12 "Territory" for more details).

The market for a Rytech franchises includes members of the general public in both their business operations and personal residences, insurance carriers, insurance claims department personnel, insurance agencies, commercial property managers, insurance company managed vendor programs, third-party administrated (TPA) programs, and other managed vendor programs.

Rytech franchisees must comply with state and local laws that regulate general contractors. Many states require a general contractor license and some localities also require licensing. You will be subject to worker’s compensation, wage and hour and OSHA regulations. You must comply with other laws in your state regulating general contractors. You should consult an attorney in the locality where you intend to operate your franchise to ensure compliance with all applicable state, local and federal laws.

If you open a Rytech Franchised Business, your competition will include other businesses offering similar products and services to the general public including other water restoration companies, mold remediation companies, general contractors, insurance restoration companies, carpet cleaning, and professional cleaning firms.

Prior Business Experience of Franchisor. We are engaged in the sale of Rytech Franchised Business. We have been offering and selling Rytech Franchised Businesses since December 1996. Except as described above, neither the Company nor any affiliate has ever been engaged in, or offered franchises in, any other lines of business.

## Item 2: BUSINESS EXPERIENCE

William D. Ryan, Chief Executive Officer (“CEO”) and President: Mr. Ryan has been CEO of the Company since January 2016. He was the President from 1996 to January 2016 and then was reappointed as President from June 2016 to present. Mr. Ryan has also been President and CEO of Rytech, Inc. since its inception in 1995. Mr. Ryan has also been a Director of Rytech of North Florida, Inc. since 1998. In October of 2002, Mr. Ryan became President of Rytech of North Florida, Inc. In January 2020, he became President and CEO of RyBrands, Inc.

Randy Kerlin, Chief Operating Officer: Mr. Kerlin has served as our Chief Operating Officer since June 2017. Mr. Kerlin joined Rytech in Jan. 2013 as VP Business Development and was promoted to Executive Vice President of Operations in October 2014 to June 2017. He is located in Kennesaw, Georgia.

Myron Blankenbaker, Vice President of Franchise Development: Mr. Blankenbaker has served as our Vice President of Franchise Development since January 2021. From August, 2019 to December 2020, he served as Chief Strategy Officer. He is located in Kennesaw, Georgia. Mr. Blankenbaker served as Senior Vice President of Business Development for Certified Restoration Drycleaning Network, LLC in Berkley, Michigan from July 2016 to August 2019.

Courtney Crouch, SVP Sales and Marketing: Ms. Crouch has served as our Senior Vice President of Sales and Marketing since April 2019. From January 2017 to April 2019, Ms. Crouch served as Director of Sales for Renewal Claims, Inc. in Mobile, Alabama. Ms. Crouch is located in Kennesaw, Georgia.

Steven Seabaugh, Senior Director of Franchise Development: Mr. Seabaugh has served as Senior Director of Franchise Development since January 2021. From November 2013 to December 2020, he served as Director of Franchise Development. Mr. Seabaugh joined Rytech in Nov. 2013. He is located in Kennesaw, Georgia.

Ben Tepedino, VP of Operations: Mr. Tepedino has served as our VP of Operations since September 2019. Prior to joining Rytech, he served as Director of Field Services for Alacrity Solutions from February 2000 to August 2019. He is located in Kennesaw, Georgia.

Nadia Fekete, Corporate Controller: Ms. Fekete has served as Rytech's Corporate Controller since October 2017. She is located in Kennesaw, Georgia. Prior to this, she served as Controller for Futura NA in Alpharetta, Georgia from October 2009 to October 2017.

Matt B. Shipp, Sr., Director of Operations: Mr. Shipp joined Rytech in 1996 as the Director of Operations. He is located in Kennesaw, Georgia.

Jessica Gravett, Director of Systems Administration: Ms. Gravett has served Rytech as its Director of Systems Administration since January 2021. From May 2018 to January 2021, she served as our Director of Client Services. From November 2016 to May 2018, she served as a Client Service Manager. She is located in Kennesaw, Georgia.

## Item 3: LITIGATION

Madison Restoration Group, Inc., Madison Restoration Group II, Inc. and Insurance Fire and Water Restoration, LLC v. Rytech Franchising, Inc., filed September 19, 2019, in the Superior Court of Cobb County, State of Georgia, Case No. 2019-0128170-CV. Plaintiffs filed a complaint alleging breach of contract and negligence claiming misuse of the Florida Cooperative advertising funds, negligent reporting of fees on the Disclosure Document and declaratory judgment regarding the Florida Cooperative and other fees. The court granted our motion to compel arbitration. Madison Restoration Group and Rytech have settled this matter prior to arbitration. Madison Restoration Group, Inc. agreed to dismiss all claims and Rytech granted Madison Restoration Group additional territory to their Tallahassee franchise agreement. Insurance Fire and Restoration and Rytech have not settled. On February 2, 2020, the court order that the case be arbitrated pursuant to the arbitration clause. Insurance Fire and Restoration has not initiated arbitration proceedings.

Other than this action, no litigation is required to be disclosed in this Item..

## Item 4: BANKRUPTCY

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

## Item 5: INITIAL FEES

The initial franchise fee is $60,000 for a population between 350,000 and 400,000. After a population of 400,000 is reached, each additional person acquired shall be 20 cents per person. The range between a population of 400,001 – 500,000 is $60,000.20 - $85,000.00. We do not grant territories with a population range greater than 500,000. The initial franchise fee is paid when you sign the franchise agreement. Except as listed below, this fee is fully earned and non-refundable.

Veterans Discount: We offer veterans a discount of $10,000 off the initial franchise fee for the first franchise you purchase.

Rytech occasionally offers incentive programs to existing, qualified franchisees with a discounted franchise fee for expansion. Past programs included the Top Ten and Rising Star programs.

The range for initial franchise fees last fiscal year was $0 to $39,500. The $0 Initial Franchise Fee involved the sale of a company location to an existing franchisee.

## Item 6: OTHER FEES *

| (1)<br>Name of Fee | (2)<br>Amount | (3)<br>Due Date | (4)<br>Remarks |
|---|---|---|---|
| Royalty Fees, Note (1) | 8% of Gross Revenues, or a minimum royalty of $2,000 per month. The minimum royalty is waived for your first twelve months of operation if you remain in Good Standing under the Franchise Agreement. | RyPay or 15th day after each calendar month | "Gross Revenue" means the amount of sales for Services or Products sold by You or your Related Parties and all other income of any kind whatsoever derived directly or indirectly in connection with Your operation of Your Franchised Business, the Marks, Your operation under the Marks or any aspect of the System, but excluding taxes actually paid to a governmental authority, and refunds actually made to Customers. |
| Administrative Fee, Note (2) | 11% of Gross Revenues | RyPay or 15th day after each calendar month | 11% on your gross revenue. Your Administrative Fee is paid to our affiliate, Rytech Admin Services, LLC. for certain administrative services provided for you as specified in the Operation Manual or TPA agreement. |
| National Ad Fund, Note (3) | 1% of Gross Revenues. May be increased to a | RyPay or By the fifteenth (15th) | Upon 90 day's written notice, we may increase the National Brand Fund to 3% of your Monthly Gross |

| | | | |
|---|---|---|---|
| | maximum of 3% of Gross Revenues | day after the month that the service fee applies | Revenues. |
| Local Advertising Expenditures, Note (4) | $1,000 or 4% of Gross Revenues, whichever is greater. | Paid monthly. Verification must be sent to Company at start of each calendar quarter | You must spend $1,000 or 4% of your Gross Revenue, whichever is greater, for local marketing. |
| Late Payment, Note (5) | $50.00 per incident plus 1.5% per month, or maximum by law | When payment is overdue | |
| Additional Persons at the Initial Training, Note (6) | Reasonable per diem amount to be charged by the Company plus all out of pocket expenses | When billed. | Currently, the daily per diem charge is $200.00 per Company personnel used, plus travel, meals and lodging expenses. |
| Additional Training & Assistance, Note (6) | Reasonable per diem amount to be charged by the Company plus all out of pocket expenses | Before additional training or assistance begins | Currently, the daily per diem charge is $200 per Company personnel used, plus travel, meals and lodging expenses. |
| Renewal, Note (7) | 10% of our then current Initial Franchise Fee. | Prior to signing new Franchise Agreement | You must be in compliance with all terms of the Franchise Agreement and take certain actions in order to renew. |
| Transfer, Note (8) | 15% of then current Initial Franchise Fee | Before transfer is effective | No charge if franchise agreement is transferred to a corporation that you fully own and control. |
| Attorney Fees and Costs, Note (9) | Actual fees and costs | After adjudication of legal matter | Payable if your default under your franchise agreement results in us incurring legal expenses. |
| Supplier Approval, Note (10) | Actual cost of testing supplier | Upon receipt of bill | This fee covers the cost of testing or inspecting new equipment, supplies or suppliers you propose. |
| Regional Marketing Cooperative, if established, Note (11) | Up to 3% of Gross Revenues. | Payable to Us or the Cooperative, if we assign the administration of the Cooperative to the members. | Your contribution will count toward your Local Marketing requirement. |
| Non-Compliance Fee | $250 per day | When billed. | Paid for each day you are not incompliance with the Franchise Agreement or Operations Manual. |
| Rytech Training Portal – Rytech U | Then current fee, currently $115 per quarter. | RyPay. | Rytech Training Portal allows your franchise to leverage the library of IICRC training content as well as access to mandatory and customized training modules. Rytech Training Portal allows your technician to satisfy his/her IICRC continuing education credits. |
| Lead Fee | $10,000 | Prior to Closing | A lead fee will be charged should Rytech refer a qualified |

| | | | |
|---|---|---|---|
| | | | lead to an existing franchisee who buys their franchise business within 18 months from the time the lead is passed to them. |
| Marketing Supplies | Marketing Supply costs vary based on items and quantity purchased. Supplies are ordered direct by Franchisee through third-party provider, currently Creative Printing & Publishing. | When billed. | From time to time, you will need marketing supplies, such as logoed shirts, pens, hats. Orders are placed directly through a third party supplier. |
| Credit Card Processing Fee | Varies monthly, equal to Rytech's cost | RyPay | Rytech can process credit card payments for your franchise. |
| Transaction Fees, TPA Fees, Estimating Software Fees (12) | Varies per job | RyPay | See Addendum 2b to the Franchise Agreement for a breakdown of the current fees. Many of our carrier clients utilize software programs which you must obtain to perform work for these carrier clients. You may choose to participate in Third Party Administrator ("TPA") programs which charge a fee. |
| MICA (13) | Per transaction and monthly fee, currently $8 per transaction plus $85 a month per location. | RyPay | MICA is required to be used by all employees in your franchise. MICA is Rytech's system of record, and where all jobs should be managed throughout the life cycle of a job. MICA charges a per job transactional fee which is currently $8 per transaction. There is also a monthly location fee that is charged to your location. All MICA fees are invoiced monthly and deducted via Rypay. |
| DocuSign | $20 per month, currently | RyPay | Used to ensure Rytech network is meeting information security policy as well as PCI compliance when utilizing this platform to collect credit card payment information from customers directly. |
| Rebuild Fees (14) | Out then current fees, currently Royalties 4% of Gross Revenue, Admin 4% of Gross Revenue, National Ad Fund 1% of Gross Revenue (currently) | RyPay | Rebuild Fees apply only when you perform repair work arising from a Rytech Service as defined in Section 3.50 in the Franchise Agreement. Deduction of Subcontractors are not applicable for fee calculation purposes. |

* Except where otherwise specified, we or our affiliates uniformly impose all the fees in this table, you pay them to us or our affiliate and We (or our affiliate) do not refund them.

## FOOTNOTES TO ITEM 6

Note 1. Royalty Fee. In consideration of the franchise granted, you must pay to us an amount equal to 8% of all Gross Revenues with the following minimum royalty payments $2,000 per month. The minimum royalty is waived for your first twelve months of operation if you remain in Good Standing under the Franchise Agreement.

If the customer or carrier pays us for the services you perform on behalf of Rytech, we will deduct all Royalty Fees prior to paying you, under our RyPay program. Payments made directly to you from Customers or Carriers shall be paid no later than the fifteenth day of each month for the Gross Revenues received the previous month. All Royalty Fees designated by us, are to be postmarked by the fifteenth (15th) day of the Month after the month to which the royalty applies.

"Gross Revenue" means the amount of sales for Services or Products sold by You or your Related Parties and all other income of any kind whatsoever derived directly or indirectly in connection with Your operation of Your Franchised Business, the Marks, Your operation under the Marks or any aspect of the System, but excluding taxes actually paid to a governmental authority, and refunds actually made to Customers.

Note 2. Administrative Fee. We deduct an Administrative Fees equal to eleven (11%) of your gross receipts directly under our RyPay program each month. You must use Rytech Admin Services for the performance of certain administrative functions provided for you as set forth in the Operations Manual. Neither we nor Rytech Admin Services assume the sole responsibility for your bookkeeping, banking accounts, payroll or third parties' collections.

Note 3. National Advertising Fund. We deduct the National Advertising Fund fees directly under our RyPay program. You are required to pay 1% of your Monthly Gross Revenues into the National Advertising Fund. The maximum amount you will be required to pay into the National Fund is 2% of your Monthly Gross Revenues. You will be given a minimum of 90 days prior written notice of any increase the amount due. The monies that you pay into the National Advertising Fund are monies of all Franchisees and will be kept in a separate account and a yearly accounting will be performed on this account by an independent accounting firm. This amount may change during the term of the Franchise Agreement.

Note 4. Local Advertising Expenditures. Every month, you must spend $1,000 or 4% of your Gross Revenues, whichever is greater, for local marketing. We have the right to increase the Local Advertising Expenditures to 6% during the Term of your Franchise Agreement. If we initiate a Cooperative in your territory, your Local Advertising Expenditures will be offset by your Cooperative Fees. At this time, only Florida has a Cooperative.

Note 5. Late Payment. If you fail to pay any fee or expense to us, or our affiliated company, you are subject to a late fee of $50.00 per incident, plus the greater of 1.5% per month of the unpaid balance, or the maximum rate permitted by law. The fee is based on internal administrative costs and expenses and will not change during the term of the Franchise Agreement. The percentage rate will not change unless the maximum legal rate changes.

Note 6. Training, Additional Training and Assistance. We provide initial training to you and your designated representative at no extra charge. We may charge you a fee for any additional persons to the initial training which will be based on a daily per diem. Attendees are responsible for travel, lodging, meals, and personal expenses. We reserve the right to charge per diem charges for additional training and assistance. As of the date of this Disclosure Document, the daily per diem charge is $200.00 per our personnel used in the additional training. You are also responsible for all out of pocket expenses incurred when additional training and assistance is provided. The per diem charge and out of pocket expenses may change based internal and external costs, respectively.

Note 7. Renewal. When you renew your franchise, you must pay a renewal fee equal to 10% of our then-current Initial Franchise Fee. There are other conditions for renewal. (See Item 17 in this Disclosure

Document).

Note 8. Transfer. You must pay a transfer fee of fifteen percent (15%) of the then-current Initial Franchise Fee. There are other items to be reviewed and approved before we will consent to a Transfer. (See Item 17 in this Disclosure Document).

Note 9. Attorney Fees and Costs. The prevailing party in any legal proceeding between you and us will have its attorneys' fees and costs paid by the other party in legal proceedings. The amount of this item will depend upon the nature of the action and legal charged at the time.

Note 10. Supplier Approval. You must pay us our reasonable costs to review a proposed supplier of any goods or services to be used in connection with the franchise. If we determine that it is necessary to inspect the supplier's facilities or conduct tests, we will require you or the supplier to pay our actual costs incurred in inspection and testing. The actual costs incurred payment is in addition to the hourly rate charge. The actual amount will depend upon the amount of time required by the approval process. The maximum amount will not change during the term of the Franchise Agreement.

Note 11. Regional Advertising Cooperative. We have the right to establish a Regional Advertising Cooperative ("Cooperative") in your area. If established, you will be required to join the applicable Cooperative. We may administer the Cooperative or assign the administrative responsibilities to its members. If assigned, the franchisees may or may not have controlling voting power, depending on the number of franchisor locations to franchisee locations in the Cooperative. Our locations are required to contribute to the Cooperative.

Note 12. Transaction Fees, TPA Fees, Estimating Software Fees. See Addendum 2b to the Franchise Agreement for a breakdown of the current fees required by Rytech and insurance carriers at the time of this disclosure. These fees are subject to change. All software fees and transaction fees are invoiced monthly to your franchised business and paid via RyPay. Although you are not required to provide services to insurance carriers, should you wish to do so, you must purchase insurance carrier required software and/or use third-party administrators to obtain the carrier assignments and pay all associated fees.

Note 13. MICA. MICA is required to be used by all employees in your franchise. MICA is Rytech's system of record, and where all jobs should be managed throughout the life cycle of a job. MICA charges a per job transactional fee which is currently $8 per transaction. There is also a monthly location fee that is charged to your location. All MICA fees are invoiced monthly and deducted via RyPay.

Note 14: Rebuild Fees. These fees apply when you perform repair work on a Rytech Service. You must meet certain requirements and must be pre-authorized by Rytech to perform Rebuild work.

# Item 7: ESTIMATED INITIAL INVESTMENT*

## YOUR ESTIMATED INITIAL INVESTMENT

| Type of expenditure | Amount Minimum | Amount Maximum | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|---|
| Initial Franchise Fee, Note (1) | $60,000 | $85,000 | Upon Signing Franchise Agreement | Upon Signing Franchise Agreement | Franchisor |
| Initial Equipment and Supplies, Note (2) | $50,000 | $60,000 | As Incurred | As Arranged | Franchisor or Approved Suppliers |
| Office Equipment & Supplies, Note (3) | $5,000 | $10,000 | As Incurred | As Arranged | Vendors |
| Grand Opening Marketing, Note (4) | $1,500 | $3,000 | As Incurred | As Arranged | Vendors |
| Travel for Initial Training, Note (5) | $3,000 | $7,000 | As Incurred | As Arranged | Vendors |
| Certification Training and associated travel expenses, Note (6 ) | $4,900 | $7,000 | As Incurred per person | As Arranged | Government or Certification Agencies |
| Insurance Deposits and payments for three months Note (7) | $4,000 | $15,000 | As Incurred | As Arranged | Insurance Company |
| Business Licenses, Note (8) | $100 | $1,000 | As Incurred | As Arranged | Government Agencies |
| Utility Deposits, Note (9) | $200 | $600 | As Incurred | As Arranged | Utility Companies |
| Legal & Accounting Fees Note (10) | $2,000 | $6,000 | As Incurred | As Arranged | Legal & Accounting Firms |
| Vehicle Finance Payments (11) | $2,000 | $4,000 | Lump Sum | As Arranged | Truck Dealer |
| Royalty Fees (1st 3 Months) Note (12) | $2,000 | $4,000 | As Incurred | As Arranged | Franchisor |
| Local Advertising Expenses (1st 3 Months) Note (13) | $1,500 | $4,500 | As Incurred | As Arranged | Vendors |
| Transaction Fees, TPA Fees, Estimating Software Fees and other associated field fees (14) | $300 | $1,000 | As Incurred | RyPay | Franchisor |
| Additional Funds Note (15) | $25,000 | $50,000 | As Arranged | As Arranged | Vendors |
| TOTAL Note (16) | $161,500 | $258,100 | | | |

* None of the above expenses are refundable. Estimates cover the first three months of operation.

Note 1 Initial Franchise Fee. The Initial Franchise Fee is $60,000 per minimum population of 350,000 – 400,000 as described in the Agreement. You must pay 20 cents per person for any population over 400,000. We do not grant territories larger than 500,000 in population. You must pay the Initial Franchise Fee when you sign the Agreement. The method of payment will be one installment by certified funds. See Item 5.

Note 2 Initial Equipment and Supplies. You may purchase the initial package from us or approved suppliers. If you are already in the business, you can use equipment you already own if approved by us. This equipment and supply package will be the minimum necessary with which to commence operations of the Franchised Business, exclusive of normal and customary office supplies.

Note 3 Office Equipment and Supplies. We estimate that your expenses for office equipment and supplies will be $5,000 - $10,000. You must purchase or lease equipment that is compatible with our required operating systems. Based on current operating systems our current requirements are (1) personal computer with a minimum 16GB RAM, 1 TB hard drive, USB ports, Windows 10 or newer operating system; (1) I-Pad Air or I-Pad Pro series with IOS 13 or newer having a minimum 128GB storage and camera (device must include cell service); the I-Pencil (or comparable) and software; and (1) cellphone (device must include cell service). Other recommended office supplies include a scanner and printer, additional monitor(s) with docking station, desk, and miscellaneous typical office supplies. Your franchise may wish to use time tracking software and fleet tracking/management software offered by a third party provider. You may begin your franchised business from a home office so no real estate costs are disclosed.

Note 4 Grand Opening Marketing. We have estimated Grand Opening Marketing expenses to be $1,500 to $3,000. With our assistance, you must develop a local marketing database consisting of 250 - 500 local insurance agents, insurance adjusters, independent adjusters, and commercial property managers. Monies must be spent for e-blasts and direct mailers to all prospects included in your database. These monies must be spent by you within the first sixty (60) days of the opening of the Office. All Grand Opening Marketing materials must be pre-approved by us.

Note 5 Travel for Initial Training. We estimate that your travel expenses to our Kennesaw, Georgia or other designated training location will be $3,000 to $7,000 for two people. We have estimated these expenses at approximately per day and include monies for lodging, meals, car rental or vehicle driving costs and other miscellaneous expenses. Any travel expenses (including airfare) are also your responsibility.

Note 6 Certification Training and Associated Travel. You or your manager must complete the following IICRC courses prior to our training courses: Water Damage Restoration Training (WRT/ASD Combo Course), Mold Remediation (AMRT) Certification Course, Lead Paint Course, OSHA 10 Hour Safety Course for Contractors, and Claims Training Services Course which we estimate a combined cost is of $4,900 - $7,000 plus travel associated expenses. Travel-related expenses will vary depending on the distance to school, whether you drive or fly, etc.

Note 7 Insurance Deposits (3 months). We estimate that your initial insurance deposit will be approximately $4,000.00 to $13,000 depending on whether you pay in installments or in a lump sum payment.

Note 8 Business Licenses. You may be required to obtain business licenses on a yearly basis from the local government agency requiring business or occupational licenses. We have estimated these costs to be $100 to $1,000 depending upon the jurisdiction. It is your responsibility to determine whether a license is required and, if so, to comply with appropriate state and/or local law.

Note 9 Utility Deposits. We have estimated your utility company deposits will range from $200 to $400. These include monies needed to be deposited with the local telephone company since we anticipate that you will operate the initial Office from their personal residence. It is possible that you will not have to deposit any monies if you have good credit and the utility company has a company policy of no deposits for new

customers.

Note 10 Legal and Accounting Fees. We estimate that your legal and accounting fees will be approximately $2,000 - $6,000 to start your Franchised Business.

Note 11 Vehicle. You will need a full-size cargo van for your Rytech business which is approved by us. This vehicle should cost between $26,000 and $60,000. The cost of the vehicle will vary depending on the make, model and age of the vehicle. Your van must be large enough to hold the drying equipment and other supplies and equipment, as well as the storage racks installed to hold drying equipment. You must purchase the Rytech Wrap for the van with is currently $1,800 - $3,000 per vehicle.

Note 12 Royalty Fees. You are required to pay a Royalty Fee to us of 8% of all Gross Revenues. See Item 6 for more details regarding the Royalty Fees to be paid us during the term of the Franchise Agreement.

Note 13 Local Advertising Expenses. We estimate that your monthly minimum local advertising expenses will be approximately $1,000 to $4,500. This represents the minimum amount of monies you must spend for local marketing. See Item 6 for more details.

Note 14 Transaction Fees, TPA Fees, Estimating Software Fees and other associated Field Fees. See Addendum 2b to the Franchise Agreement for a breakdown of the current fees required by Rytech and insurance carriers at the time of this disclosure. These fees are subject to change. All software fees and transaction fees are invoiced monthly to your franchised business and paid via RyPay. Although you are not required to provide services to insurance carriers, should you wish to do so, you must purchase insurance carrier required software and/or use third-party administrators to obtain the carrier assignments and pay all associated fees. You are required to use DocuSign for the execution of customer contracts.

Note 15 Additional Funds. We estimate that you may need additional funds of $25,000 to $50,000 and is based on an owner operated business and does not include any allowance for an owner's draw or salary or operations manager's draw or salary if you elect to have one. The estimate is for the first three months of operations. We estimate that in general this amount should be sufficient.

Note 16 Total. We have relied on our years of experience in the water damage restoration business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing to franchisees at this time.

## Item 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

*Required Purchases from Us or our Affiliates.*

You are not required to purchase any goods, supplies, fixtures, equipment, inventory or real estate for your franchise from us or from our affiliates. We reserve the right to require you at any time in the future to purchase any items for your franchise from us or from our affiliates.

You must use our affiliate, Rytech Admin Services, LLC. as the sole provider of the administrative services as set forth in our Operations Manual or as required by Third Party Administrator contracts. William D. Ryan, our CEO, is the majority shareholder in RyBrands, Inc, the sole owner of Rytech Admin Services.

For the fiscal year ending December 31, 2022, our revenue from Franchisees' required purchases or leases of equipment, supplies, etc. was $0 of our total revenue of $3,672,501.24. For the fiscal year ending December 31, 2022, our affiliate Rytech Admin Services, LLC.'s. revenue from Franchisees' required purchase of administrative services was $4,643,541.90.

We estimate that the required purchases described above are estimated to be 5%-11% of a Franchisee's total initial investment and 15%-20% of a Franchisee's annual operating expenses.

*Approved Suppliers*.

You will be required to purchase certain products and/or services only from suppliers that we approve. These items currently include equipment, supplies, inventory, tools and other products and materials required for the operation of the Franchised Business. We have the right to require you at any time to purchase other products and/or services only from suppliers that we approve. In addition, you must make the following purchases from suppliers that we have approved:

Equipment and Supply Package. Prior to opening the franchise, you are obligated to acquire all of the equipment and supplies as noted on in the Attachment 2 to the Franchise Agreement ("Initial Equipment and Supply Package"). If you already have Initial Equipment and Supplies, the equipment must be approved for use in your Rytech franchise prior to opening. You must purchase the Initial Equipment and Supply Package, and any part of it from approved suppliers or us. You must purchase any replacement equipment, inventory and supplies from approved suppliers. We maintain written lists of approved items of equipment, inventory and supplies (by brand name and/or by standards and specifications) and lists of approved suppliers for those items. We update these lists from time to time and issue the updated lists to all Franchisees. We will furnish its standards and specifications, as well as its criteria for supplier approval, to Franchisees on request, but only on a confidential basis. All suppliers and approved vendors will be listed in the Manual, which must always be followed, even as modified by us from time to time.

If you desire to purchase any items from an unapproved supplier, you or the supplier must submit to us a written request for approval. Our approval will not be unreasonably withheld but must be obtained in writing. We reserve the right to require that a representative be permitted to inspect the supplier's facilities and those samples from the supplier be delivered to us or our designee for testing. We may, from time to time, re-inspect the facilities and products of any previously approved supplier and may revoke its approval if the supplier fails to meet any of our standards and specifications at any time. Our decision will be made within 60 days, and time involved in inspection and assessment will be at an hourly rate of $150 not to exceed $2,500 plus the actual costs incurred in inspection and product assessment.

Rytech Training Portal-Rytech U- Each Franchise will pay our then-current fee for use of the Rytech Training Portal. Currently, the charge is $115.00 per quarter. Our Rytech Training Portal is mandatory. Rytech Training Portal allows your franchise to leverage the vast library of IICRC training content as well as access to mandatory and customized training modules that are required by Rytech. An added benefit of using Rytech Training Portal, allows a technician to satisfy his/her IICRC continuing education credits.

Computer and Office Systems. You are required to purchase certain computer and office systems. You should have certain types of software including, but not limited to, word processing, photo viewing and transmitting. The estimated cost of this equipment is $5,000 - $10,000. The estimated annual costs of maintenance, upgrading the estimating software is $1,000 - $2,000 per year.

Field Software. Insurance carriers and third-party programs often require processing within cloud based systems. You must access these system(s) to submit job data and/or manage jobs when required. Current systems(s) include DocuSign, Matterport, Nextgear, MICA, Verisk Xactanalysis, Xactanalysis-SP and Xactimate, CoreLogic Claims Connect and Mobile Claims, and Encircle. Standard field software and transaction fees are listed in Item 6 and are paid via RyPay. Franchisees must purchase and/or pay maintenance and upgrade costs when additional systems are required. The required systems are subject to change.

Third Party Administrators. Some of Rytech's carriers engage the services of third party administrators (TPA) to manage their property restoration service providers. TPA's typically charge a percentage of the total amount invoiced for each job, and typically apply the fees and issue remaining balance at time of payment to Rytech. Additionally, some TPA's will charge in addition to the percentage a transaction fee. Note that Rytech Royalties are applied to the total invoiced amount and not applied to the amount after TPA fees may be applied. Franchisees are not required to engage the services of carriers that use TPA to manage their property restoration service providers.

IICRC Certifications. As a Rytech franchisee, you are responsible to ensure all of your field technicians obtain proper IICRC certification prior to that employee offering services. Minimum IICRC certifications required for a water mitigation technician are the WRT/ASD certifications. Should your operation offer mold remediation services it is recommended that field technicians hold an IICRC certification of AMRT. All owners are required to have IICRC Certifications in WRT/ASD/AMRT.

Background Checks. Rytech requires all of your franchise employees to have a criminal background check run prior to employment. Rytech has partnered with a qualified background check firm that will meet all carrier and TPA standards to ensure your franchise background searches meet all program criteria. Your franchise will establish an account with the background search provider, and pay the background check fees directly to the provider. No persons may work on a Rytech job or have access to Rytech information if that person has been convicted of a felony within the last 7 years.

Profile Gorilla. Rytech currently utilizes Profile Gorilla as a compliance management software. There are currently no charges to the franchisee to use this software and all franchises are required to use this platform to store important credentialing and compliance information such as, IICRC Certifications, Licenses, Insurance COI's, Criminal Background check requests, and other important information about your franchise. Some carrier clients and TPA's work directly with Profile Gorilla as their compliance manager which allows your franchise to seamlessly onboard with carrier and TPA programs that are partnered with Profile Gorilla. Rytech may choose to charge a fee for use of this software in the future.

DocuSign. Rytech currently requires DocuSign for the execution of customer contracts. You will be required to pay a monthly fee which will be taken out via RyPay.

There are no approved suppliers in which an officer of the franchisor owns an interest.

*Specifications and Standards*.

You must purchase certain products, supplies and equipment under specifications and standards that we periodically establish either in the Franchise Agreement, Manuals or other notices we send from time to time. These specifications are established to provide standards for performance, durability, design and appearance.

We will notify you whenever we establish or revise any of our standards or specifications or if we designate approved suppliers for products, equipment or services. Even if we designate and approve a supplier, you will not be obligated to purchase any items from the supplier.

Approval of the Rytech Office. We recommend that you begin your Franchised Business operations from a commercial office location with storage space. However, you may begin your operations from your home subject to Rytech's approval. We do not select your site, approve your site, and assist you with construction or layout of your office. Our requirements are that your office be located within your territory and that the furniture, fixtures, and decor of your office must at all times be professional, clean, and in good condition.

If you are converting your existing structural drying and mold remediation business into a Rytech Franchised Business or adding a Rytech franchise to another related business, you may locate the Franchised Business in your existing leased or owned facility, subject to the addition of the required Rytech identification, your office is located within your territory and that the furniture, fixtures and décor of your office must at all times be professional, clean and in good condition.

Insurance Specifications. Before you provide any services as a Rytech Franchisee, you must obtain certain minimum insurance coverage, naming us as additional insureds. You must maintain this insurance coverage during the entire term of the Franchise Agreement.

Our current insurance requirements are as follows:

General Liability:

- $1,000,000 limit Each Occurrence / $2,000,000 Aggregate
- Occurrence policy – ISO CG0001 most recently approved version or equivalent
- Deductibles may not exceed $10,000 and must be listed on COI
- Ensure Coverage includes:
  - ✓ Premises & Operations Liability
  - ✓ Primary & Non-Contributory Coverage
  - ✓ Ongoing and Completed Operations Coverage
  - ✓ Contractual Liability with no employee exclusion
  - ✓ Waiver of Subrogation
- No exclusions/restrictions are allowed for:
  - ✓ Claims from additions or remodeling projects; Residential or habitation; Coverage for work performed by subcontractors

Auto Liability:

- $1,000,000 Combined Single Limit of liability per occurrence
- "ANY AUTO", OR BOTH "HIRED AUTOS" and "NON-OWNED AUTOS" Coverage
- Deductibles may not exceed $10,000 and must be listed on COI

Workers Compensation & Employers Liability:

- Workers' Compensation is required per State statutory minimum limits
- Employer's Liability limits of $1,000,000
- Deductibles may not exceed $10,000 and must be listed on COI

Contractor Pollution Liability (CPL), including mold:

- $1,000,000 Liability limit Each Pollution Event
- Ensure Coverage includes:
  - ✓ Mold and Bacteria Coverage – No Sub Limits

- ✓ Primary & Non-Contributory Coverage
- ✓ Ongoing and Completed Operations Coverage
- ✓ Products and Completed Operations Liability
- ✓ Contractual Liability with no employee exclusion
- ✓ Transportation of hazardous materials

- No exclusions/restrictions are allowed for:
  - ✓ Losses related to mold, bacteria, lead, silica, asbestos, or contaminated drywall; Claims from additions or remodeling projects; Residential or habitation; Coverage for work performed by subcontractors; Impaired Property

Bailees:

- $250,000 minimum limit for personal property of others in your care, custody or control.
- "In Transit" Limit must be noted on the Insurance Certificate.
- Can be covered under the liability policy.

Umbrella/Excess Liability (Recommended):

- $1,000,000 limit Each Occurrence / $2,000,000 Aggregate

Rytech Franchising, Inc. is not responsible for the Franchisee's Business, Personal Property, Tools, or Equipment Coverage. Many TPA Programs and carrier managed programs may require additional coverage(s). We reserve the right to modify the insurance requirements as needed or as necessary to meet the requirements of an insurer program.

Advertising Specifications. You must obtain our approval before you use any advertising and promotional materials, whether printed or electric format, signs, forms and stationery unless we have prepared or approved them during the 12 months prior to their proposed use. You may purchase advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from us. We include some of these materials as part of the Equipment and Supply Package that you will purchase from us after you sign the Franchise Agreement and prior to your opening the Franchised Business (See Attachment 2 to the Franchise Agreement).

You must not engage in any advertising of your Franchised Business unless we have previously approved the medium, content and method.

*Magnitude of Required Purchases or Leases And Cooperatives*

We do not provide you with any material benefits, such as renewal of your franchise, or grant you additional franchises based on your purchase of particular products or services or your use of any particular approved supplier.

We have no purchasing or distribution cooperatives.

## Item 9: FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in Agreement | Item in Disclosure Document |
|---|---|---|

| | | |
|---|---|---|
| a. Site selection and acquisition/lease | Franchise Agreement (FA) §7 | Item 11 |
| b. Pre-opening purchases/leases | FA § 5, 7 | Items 5, 7, 8 |
| c. Site development and other pre-opening requirements | FA § 5, 7 | Items 7, 8, 11 |
| d. Initial and ongoing training | FA § 5 | Item 11 |
| e. Opening | FA § 5, | Item 11 |
| f. Fees | FA § 6, 8, 9, 10 | Items 5, 6 |
| g. Compliance with standards policies, managed vendor/insurer client/(TPA) Third Party Administrator programs/Operating Manual | FA § 5, 6, 7, 8, 9 | Item 11, 16 |
| h. Trademarks and proprietary information | FA § 7, 8 and Confidentiality Agreement (Attachment 6 of FA) | Items 13, 14 |
| i. Restrictions on products/ services offered | FA § 7 | Item 16 |
| j. Warranty and customer service requirements | FA § 5, 7 | Not Applicable |
| k. Territorial development and sales quotas | None | Not Applicable |
| l. Ongoing product/service purchases | FA § 7 | Item 8 |
| m. Maintenance, appearance and remodeling requirements | FA § 7 | Not Applicable |
| n. Insurance | FA § 7 | Item 7 |
| o. Advertising | FA § 8 | Items 6, 7, 11 |
| p. Indemnification | FA § 9 | Not Applicable |
| q. Owner's participation/ management staffing | FA § 7 | Item 15 |
| r. Records and reports | FA § 7 | Item 11 |
| s. Inspections and audits | FA § 5, 6, 7 | Items 11 |
| t. Transfer | FA § 10 | Items 6 and 17 |
| u. Renewal | FA § 4 | Items 6, 17 |
| v. Post-termination obligations | FA § 11 | Item 17 |
| w. Non-competition covenants | FA § 7 | Item 17 |
| x. Dispute resolution | FA § 12 | Item 17 |
| y. Other: | | Not Applicable |

## Item 10: FINANCING

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

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

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

**(1) Pre-Opening Obligations.** Prior to opening your Franchised Business, we are obligated under the Franchise Agreement to make available to you, or assist you in obtaining, the following:

A. You may begin your Franchised Business from a home office or a commercial office. We do not assist you in selecting, locating or negotiating the purchase or lease of your office. There is no required time limit to locate an office since you may begin operations from home. (Franchise Agreement ["FA"], § 7). We do not approve your office except that we require you to operate from within your territory. We also require that the office furniture, fixtures, and decor must at all times be professional, clean, and in good condition if you operate a commercial office. (FA §4)

B. Assist you in setting up your office, if requested. (FA §7).

C. Provide initial training of you and your employees, at times and locations designated by us. (FA, § 5).

D. Provide you with a list of approved items and supplier of equipment, fixtures, inventory, supplies, and forms and lists of approved suppliers for those items. You must purchase, or already own, the equipment and supplies on Equipment and Supply Package, See Attachment 2 to the Franchise Agreement. If you purchase these items, you must purchase them from us or one of our approved suppliers. (FA, § 5).

E. Loan you the Rytech Confidential Operations Manual and other manuals and training aids for use in the System, as they may be revised by us from time to time. (FA, § 5).

F. Provide you advice and guidance in preparing to open the Rytech Office, including standards and procedures for obtaining inventory and supplies, providing approved services, advertising and promoting the business, and operating the business. (FA, § 5).

G. Assist you in establishing certain limited administrative services that will be provided by Rytech Admin Services, our affiliate. (FA, §5).

H. Assist you access to the Mobile Data Transfer Platform. (FA § 5).

**2. Length of Time for Open**. We estimate that the typical length of time between the signing of the Franchise Agreement and opening of your business is two to three months. Factors affecting time to open include whether you operate from your residence or rent commercial space, attendance at and satisfactory completion of our initial training program, arranging for any financing, construction, complying with local ordinances, completing delivery and installation of equipment and signs, and procuring opening inventory.

**3. Obligations During The Operation Of The Franchise**. After the opening of the Franchised Business, we are obligated under the Agreement to make available to you, or assist you in obtaining the following:

A. On-site assistance for a period of time after the opening of the Franchised Business**.** (FA, §5, 7).

B. Access to continuing courses of training, at times and locations designated by the Company. (FA, § 5, 7).

C. Initial and subsequent inspections of the Franchised Business, as we consider advisable. (FA, § 5, 7).

D. Updated lists of approved items of equipment, fixtures, inventory, and supplies (by brand name and/or by standards and specifications) and updated lists of approved suppliers for those items. (FA, § 5, 7).

E. Periodic advice and guidance through meetings, printed materials and other forms of communication, as we make available to all franchisees regarding the System from time to time. (FA, § 5, 7).

F. Provide you with our administrative support through our affiliate, Rytech Admin Services, LLC, as set forth in our Operations Manual. (FA, § 5,7).

G. Provide you access to the Mobile Data Transfer Platform. (FA § 5,7).

H. Except for training in estimating software platforms, we do not assist you in establishing pricing.

**4. Advertising Programs.**

Local Advertising. You must spend the greater of $1,000 or 4% of Gross Revenue monthly on local advertising that we have approved in the Manual or otherwise in writing and that conforms to Standards. You may develop advertising materials for your own use, at your own cost. However, you may not use any advertising materials unless they have been approved, in advance, in writing by us. There is no advertising council composed of franchisees. The company units are required to spend the greater of $1,000 or 4% of Gross Revenues on local advertising. (FA § 8)

You may be required to submit to us, at least 30 days prior to its implementation, a local advertising and marketing plan each fiscal year by which you intend to market your Rytech Office during the next 12-month period. (FA § 8)

National Advertising Fund. We require you to participate in a National Advertising Fund. All franchisee and company stores are required to make monthly contributions to the National Advertising Fund, in the amount of no less than 1%, but no more than 3%, of gross revenues. Our affiliate, Rytech, Inc. administers the National Advertising Fund and directs all programs financed by the fund, including the creative concepts, materials, endorsements, and the geographic market and media placement and allocation thereof. We may use the fund to satisfy the costs of producing video, audio and written advertising materials; administering regional and

multi-regional advertising programs; developing and maintaining an Internet website; and supporting public relations, market research and other advertising, promotion and marketing activities. We will not use your fund contributions to defray any of our operating expenses, except for any reasonable salaries, administrative costs, travel expenses and overhead that we may incur in administering the fund and its programs. Upon your written request to us, the National Advertising Fund will be compiled annually and reported, via mail or email, to Franchisees within 120 days of the end of the year. The annual report is not audited. Any monies not spent will be carried over to be used the following year. The maximum monthly contribution is 2% of gross revenues. You will receive a minimum of 90 days written notice of any change in the National Advertising Fund. (FA § 8)

Other than reimbursement for reasonable costs and overhead incurred in activities for the administration or direction of the fund, neither we nor any affiliate will receive any payment for providing products or services to the fund. We may spend in any calendar year more or less than the total contributions to the fund in that year. The fund may borrow from us or other lenders to cover deficits of the fund or cause the fund to invest any surplus for future use by the fund. If we spend more than the contributions accumulated in the fund during any fiscal year, we have the right to receive, on demand, reimbursement in later years to the extent of the excess expenditure.

We are not required to spend any amount from the fund on advertising or promotions in your area. We are not required to make expenditures for you that are equivalent or proportionate to your fund contributions or to ensure that any particular franchisee benefits directly or in proportion to its contributions to the fund. If any contributions to the fund, including any associated earnings, are not spent in the fiscal year in which they accrue, they remain in the fund for use in following years. We reserve the right to terminate the fund at any time, but we will not do so until all monies in the fund have been spent for the purposes described in the franchise agreement or returned to contributors on a prorated basis.

During fiscal year 2022, 33% was spent on production, 7% on media placement, 20% on administrative expenses and 40% on other uses. None of the National Brand Fund was spent on soliciting new franchisees.

No fund monies were spent on the solicitation of prospective franchisees. Except for a portion of the fund that may be spent on website development and maintenance (a portion of which may include soliciting the sale of franchises using our website), we anticipate that the fund will not be used to solicit the sale of franchises, however we reserve the right to use a portion of the fund monies for that purpose in the future.

Franchisee Advertising Council. We currently do not have a franchisee advertising council, but we reserve the right to do so.

Regional Advertising Cooperative. Under the Cooperative Advertising Program, if initiated in your area, membership will be defined by geographic region, as determined by us. You will be required to contribute up to the Local Advertising requirements and the amount you pay will be counted toward your Local Advertising requirements. Our company locations are required to contribute equally. If established, we, or our affiliate will administer the Regional Advertising Cooperative. We may, however, delegate our duties to the Advertising Cooperative and the power to self-administer the advertising used by that Advertising Cooperative. If requested by the Cooperative members, an annual financial statement will be available to review by the franchisee. We have the power to require the Cooperative to be formed, changed, dissolved or merged. You are required to spend up to the Local Advertising requirement; except that the members of the cooperative may vote, by majority vote, to spend over the Local Advertising requirement.

**5. Computer System and Field Software.**

Computer Systems. You are required to purchase certain computer and office systems as set forth in our Operations Manual. We estimate that your expenses for office equipment and supplies will be $4,000 to $6,000. You must purchase or lease equipment that is compatible with our required operating systems. Based on current operating systems you must have (1) business use only computer with a minimum 16GB RAM, 1 TB hard drive, Windows 10 or newer operating system; (1) I-Pad Air or I-Pad Pro series with IOS 13 or newer having a minimum 128GB storage and camera (device must include cell service and be equipped with Mobile Device Management); the I-Pencil (or comparable) and software; and (1) business cellphone (device must include cell service and be equipped with Mobile Device Management). Other recommended office supplies include a scanner, printer, and document shredder, additional monitor(s) with docking station, desk, and miscellaneous typical office supplies. Your franchise may wish to use time tracking software and fleet tracking/management software offered by a third party provider. You may begin your franchised business from a home office so no real estate costs are disclosed.

Field Software. Insurance carriers and third party programs often require processing within cloud based systems. You must access these system(s) to submit job data and/or manage jobs when required. Current systems(s) include Nextgear MICA; Verisk Xactanalysis, Xactanalysis-SP and Xactimate; CoreLogic Claims Connect and Mobile Claims; Matterport and Encircle. Standard field software and transaction fees are listed in Item 6 and are paid via RyPay. Franchisees must purchase and/or pay maintenance and upgrade costs when additional systems are required.

We have independent access to the information generated and stored in your field software. There is no contractual limits imposed on our access to franchisee's data. We do not have independent access to the information generated by your computer.

**6. Operations Manual.**

The Operating Manual has a total of 265 pages.

Upon request, we will permit you to view the Manual at our headquarters or elsewhere as arranged before you purchase the Franchised Business. To protect the confidentiality of the Manual, we will require you to execute a Confidentiality Agreement (see **Exhibit H** to this Disclosure Document).

**7. Training Program**.

Our initial franchise management training program, covering up to 10 business days, is available to you and one of your employees as chosen by you and approved by us. Before you open for business, you must attend and complete the initial franchise management training program to our satisfaction. You will not be charged for the initial training program for the first 2 attendees, but you must pay all travel and living expenses for all trainees and any compensation or benefits due trainees during any training period. You will be charged for remedial or follow-up training.
(FA § 5)

Our initial franchise management training program is conducted at our headquarters in Kennesaw, Georgia or at another location of our choice. The first phase of the initial franchise management training program can last for up to 10 business days. The initial training program uses the Manual developed by us, other written materials provided by approved vendors, pre-classroom preparatory work, classroom training and "on the job

training." (FA § 5)

We will provide the second phase of the training program to you, for a period of up to 5 business days, starting on a date mutually agreed upon after your opening the Rytech service business, at the your office and at our expense. (FA § 5)

You, as the owner of a Rytech Franchised Business, and any technician(s) employed by you must be certified by the IICRC and adhere to the following: ANSI /IICRC S500, Standard and Reference Guide for Professional Water Damage Restoration when performing Applied Structural Drying; ANSI/IICRC S520, Standard and Reference Guide for Professional Mold Remediation, R520 when performing Mold Remediation projects. In addition, you must adhere to the following: IICRC S100, Standard and Reference Guide for Professional Carpet Cleaning, when performing carpet cleaning; RIA Guidelines for Fire & Smoke Damage Repair; CRI (Carpet and Rug Institute) Carpet Installation Standard, when Carpet is re-installed and cushion replaced.

We require that each individual franchisee attend the management training program. We provide the initial training at no additional charge for you and one of your employees. Although the initial training sessions are provided to you at no charge, you are responsible for travel expenses, lodging, wages, meals, car rental, and airfare of all of your trainees. We may require any other principal or employee of the Franchisee who is (or later becomes) actively involved in the management of the Franchised Business, to attend and satisfactorily complete all initial training programs as we may require. (FA § 5)

We do not maintain a formal training staff. Training will be provided under the direction of Mr. William D. Ryan, the Company's President, and other persons, as needed, whose backgrounds are described in Item 2 of this Disclosure Document. Other employees of the Company and other existing franchisees may also participate in providing training to new Franchisees and their employees. (FA § 5)

The initial management training program is conducted at our headquarters or other location of our choice on an "as needed" basis. There is no set time for training new Franchisees and includes instruction in these subjects:

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On- the- Job Training | Location |
|---|---|---|---|
| Office Procedure Administration | 2-6 Hours | 8-16 Hours | Atlanta, Georgia or other designated locations |
| Job Scope | 2-8 Hours | 24-48 Hours | Atlanta, Georgia or other designated locations |
| Marketing/Sales | 1-2 Hours | 32-40 Hours | Atlanta, Georgia or other designated locations |
| Water Damage Production | 8-12 Hours | 16-24 Hours | Atlanta, Georgia or other designated locations |
| Mold Remediation Production | 4-8 Hours | 24-32 Hours | Atlanta, Georgia or other designated locations |
| MyCore | 8 Hours | 8 Hours | Atlanta, Georgia or other designated locations |

We conduct the initial training program approximately 4 times a year (or more frequently, if needed). The instructional materials consist of our Manuals, equipment manufacture and/or suppler documentation, check lists, demonstrations, and practice.

The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from 12 to 34 years. Randy Arnold trains in Mitigation, Remediation, IAQ Environmental coaching and training. He has 13 years' experience in these fields and 30 years' experience in water mitigation and 34 years' experience in the industry. David Ayes instructs franchisees in MICA (10 years' experience), water remediation (15 years' experience) and water mitigation (15 years' experience). He has 18 years' experience in the industry. We may substitute training instructors to meet yours and our needs.

The initial training program is mandatory for you (if the Franchisee is an individual then for the principal). The initial franchise fee includes the cost of the initial training program for the Franchise Owner and one employee. (FA § 5)

You must pay all of the expenses incurred by your trainees or attendees in connection with the initial training program at any other training, conferences, conventions, or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging, and other living expenses. (FA § 5)

We may offer additional or refresher training courses from time to time. Some of these courses may be mandatory, and some may be optional. These courses may be conducted at our headquarters or at any other locations selected by the Company. (FA § 5)

You and/or your employees will be responsible for all personal expenses in connection with all training programs, including costs and expenses of transportation, lodging, meals, wages and employee benefits. We may impose reasonable charges for training classes and materials in connection with the training courses. We will notify you of any additional charges before you or your employees enroll in a course. (FA § 5)

All classes are scheduled by advance written notice to all franchisees. Our class cancellation policies will be included in the written notice of class schedules.

The initial franchise location training program is mandatory for you and up to one employee. The initial franchise fee includes the cost of the initial training program for the Franchise Owner and one employee.

You must pay all of the expenses incurred by your trainees or attendees in connection with the initial training program at any other training, conferences, conventions, or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging, and other living expenses.

## Item 12: TERRITORY

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

We grant protected territories in blocks, each block having a minimum of approximately 400,000 population. Territories are designated by zip code(s). If you are not in good-standing, we may alter your territory. You must operate a Rytech office only within your territory.

We may enter into regional or national account program relationships with insurance companies, third party administrators, property managers and other business channels under which we may assign jobs to franchisees at a negotiated rate. You are required to service these claims. If you refuse assigned claims, we may assign the regional or national account program work in your territory to other franchisees. During catastrophic events, we may send other franchisees or company personnel into your Territory to provide services to the affected area.

In the event we receive an inquiry from any source for services to be provided in your territory, we will forward all inquiry information to you. If you do not participate, are not in good standing, refuse assigned claims or do not qualify for any jobs, we may assign this job in your territory to other franchisees.

Our affiliate, Fast Team, performs narrative peer reviews of competitor jobs at the request of insurance carriers. These narrative peer reviews may pertain to competitor's services in your Territory. We do not compensate you for these services.

Except as provided above, and as long as you remain in good standing, neither we nor our affiliates may operate Rytech Offices or grant franchises within your territory. However, we may operate Rytech Offices or grant franchises for any Locations, within or outside your territory, if they are operated under a different name or if they offer different services. We have no plans now or in the near future to open other locations using alternative channels of distribution. We do not solicit or accept orders inside your territory, and, therefore, do not pay compensation for soliciting or accepting orders inside your territory.

You may only accept and perform work in your territory. You may begin your franchise from a home office for a limited time upon our approval. However, the office must be within your territory. If you wish to relocate your office, it must be in your territory, and you must provide us with a 60 day notice of the relocation.

You cannot solicit or accept orders from customers pursuing other channels of distribution, such as the internet, catalog sales, telemarketing or other direct marketing, to make sales outside your territory. However, if there is no other franchisee bordering your territory you may submit a written request to us to accept and perform work in specified zip codes bordering your territory in the open territory. In the event that we grant your request, we may require you to stop accepting and performing work in the open territory for any reason. You are allowed to market outside of your territory for purposes of creating work within your territory unless the marketing is within another Franchisee's territory. All approved marketing materials and manners of marketing for use in your territory may be used in approved areas outside your territory. Your territorial rights are not dependent upon the achievement of certain sales volumes, market penetration or any other contingency.

Neither the Company nor our affiliate(s) has established other franchises or Company-owned outlets selling or leasing similar products or services under a different trade name or trademark; and neither the Company nor our affiliate(s) has any presently formulated plan or policy to do so. The Company reserves the right to use alternative distribution channels (including the internet) within franchisee's territory, under its trademarks or different trademarks. Franchisor does not have to pay any compensation for soliciting or accepting orders inside the franchisee's territory.

The Agreement does not provide you with any options, rights of first refusal, or similar rights to acquire additional franchises within the Territory or areas contiguous to the Territory.

## Item 13: TRADEMARKS

Under the Agreement, we grant you the right and license to use the proprietary marks ("Marks") and the System solely in connection with your Franchised Business. You may use only the mark "Rytech"® and any other Marks as are designated in writing by us for your use, and you may use them only in the manner authorized and permitted by us. You may not directly or indirectly contest our ownership of or rights in the Marks.

We have registered our Marks with the United States Patent and Trademark Office as follows:

| **Trademark** | **Date of Registration** | **Registration Number** | **Required Affidavits & Renewals** | **Principal/ Supplemental** |
|---|---|---|---|---|
| RYTECH | March 17, 1998 | 2144886 | Affidavits accepted May 20, 2003; Renewed January 10, 2008; Second Renewal March 18, 2017 | Principal |
| RYTECH with design | February 13, 2007 | 3207463 | Affidavits accepted January 27, 2013; Renewed April 29, 2016 | Principal |
| RYCAT Catastrophe Assistance Team with design | January 27, 2015 | 86289317 | Affidavits accepted September 17, 2020 | Principal |
| The Sunshine Conference with design | September 16, 2014 | 4604922 | Affidavits accepted November 4, 2019 | Principal |
| RYTECH Water Damage and Mold Specialists with design | June 11, 2019 | 5774439 | N/A | Principal |
| RYTECH RESTORATION with design | April 18, 2023 | 7030574 | N/A | Principal |

We have filed all required affidavits with the United States Patent and Trademark Office. There are no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administrator of any state or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material litigation involving the Marks. The service mark "Rytech" is also registered in the state of Georgia.

There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in a manner material to the Franchised Business.

You must notify us promptly of any litigation brought against you involving any of our trademarks, and you must deliver to us copies of any documents for the litigation that we request. We will decide whether to settle or defend any trademark litigation. The 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. If litigation involving the Marks is instituted or threatened against you, the Agreement requires you to notify us promptly and cooperate fully with us in defending or settling the litigation. We will control all administrative proceedings and litigation involving the trademark licensed by us to you.

We may require you to modify or discontinue your use of any of the Marks. If we exercise this right, we will provide advance notice to all franchisees. In the event that we must withdraw its application for registration with the U.S. Patent and Trademark Office, you may be required to change your trade name and Mark, even

after you have opened for business. In this event, you must change, at your expense, all signs, marketing literature, etc. when we notify to you that a new Mark has been registered with the U.S. Patent and Trademark Office.

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

## Item 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We own no rights in or to any patents that are material to the franchise. We own the copyright of the Manual. The copyright is not registered.

Under the Agreement, we must provide you one copy of our Manual on loan, at or before the time when you begin your initial training course. We hold the copyright in the Manual and treats the information in the Manual as confidential trade secrets.

You must operate your Office strictly in accordance with the Manual as it may be revised by us from time to time. You must at all times treat the Manual and the information in it as confidential, in accordance with the requirements of the Agreement.

The Agreement requires you to maintain all our Confidential Information as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, techniques and know-how designated or treated by us as confidential and includes the Manual. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by us. Under the Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the Agreement and relating to the System will be considered a part of the Confidential Information protected under the Agreement.

See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Franchise Business.

## Item 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Agreement requires you to devote a majority of your time, energy and best efforts to the management and operation of the service business. You and any Manager that you may employ during the term of this Agreement must complete the initial management training course and all other training courses required by the Company.

Each individual who holds an ownership interest in a business entity Franchisee must personally guarantee all of the obligations of the Franchisee under the Franchise Agreement. Spouses are required to sign a spousal consent agreeing to abide by the non-competition, non-disclosure, dispute resolution, venue and governing law provisions in the Franchise Agreement. Spouses are not bound to perform any other obligations under the Franchise Agreement. The owner of the Office must also be the majority shareholder in any corporation that owns and operates the Franchised Business.

At our request, you must obtain and deliver executed covenants of confidentiality and non-competition from any persons who have or may have an ownership interest in the Franchisee or in the franchise, or who receive or have access to training and other information under the System. The covenants must be in a form satisfactory to us and must provide that we are a third-party beneficiary of, and have the independent right to enforce, the covenants.

## Item 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchised Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as set forth in the Manual and in writing by us from time to time. You must use the Office only for the operation of the Franchised Business and may not operate any other business at or from the Franchised Business without our express prior written consent.

We require you to offer and sell only those goods and services that we have approved. We maintain a written list of approved goods and services in its Manual, which we may change from time to time (see Item 8).

You must offer all goods and services that we designate as required for all franchises. In addition, we may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before we will allow you to offer certain optional services.

We reserve the right to designate additional required or optional services in the future and to withdraw any of its previous approvals. In that case, you must comply with the new requirements.

See Items 8, 9, 11 and 12 for more information about your obligations and restrictions.

## Item 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

**THE FRANCHISE RELATIONSHIP**

| **Provision** | **Section in Franchise Agreement** | **Summary** |
|---|---|---|
| a. Length of the franchise term | Franchise Agreement ("FA") § II | 10 years |
| b. Renewal or extension of the term. | FA § 4 | You can sign renewal agreements if we approve of the renewal, you must notify us at least 180 day before expiration, and comply with conditions. Renewal terms are five years. |
| c. Requirements for Franchisee to renew or extend. | FA § 4 | You (and your related parties, if applicable) must:<br>a. have substantially complied with the Franchise Agreement; b. within 60 days before Renewal, complied with the then-current renewal requirements; c. executed all Renewal Agreements (including a then-current franchise agreement, guaranty and |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | confidentiality agreement); d. sign a general release; e. pay us a renewal fee; f. Sign a general release as prescribed by us. (If your state prohibits the giving of a general release for the renewal of a franchise this will not be required. The general release will not apply to any liability under the Maryland Franchise Registration and Disclosure Act.)<br>You may be asked to sign a contract with materially different terms and conditions then your original contract; provided however the boundaries of your territory will remain the same and the continuing royalty on renewal will not be greater than the continuing royalty that we impose on similarly situated renewing Franchisees. |
| d. Termination by Franchisee. | FA § 11 | a. You may terminate the Franchise Agreement if you and we agree in writing; or b. If we have not cured a breach within 60 days after receiving notice of the breach from you. (Subject to state law.) |
| e. Termination by Franchisor without cause. | FA | Not Applicable |
| f. Termination by Franchisor with cause. | FA § 11 | We may terminate you only if you default. The Franchise Agreement describes defaults throughout – please read it carefully. (Subject to state law). |
| g. "Cause" defined-curable defaults | FA § 11 | On notice to You or Your Related Parties, if applicable:<br>a. fail to provide required information or reports, failure to obtain required confidentiality agreements or non-competes; b.do not successfully complete initial training, do not attend required training, fail to operate in accordance with the Agreement or Manuals; c. fail to offer all Core Services or You offer unauthorized services or products; d. fail to attend at least 2 franchise meetings per year; e. fail to perform required background checks on your employees and Related Parties; f. material breach of the franchise agreement; g. fail to make payments, fail to maintain insurance, lose a required license. |
| h. "Cause" defined non-curable defaults. | FA § 11 | Automatic, without notice: bankruptcy, insolvency, receivership, dissolution, or levy.<br>On notice to You or Your Related Parties, if applicable:<br>a. Misuse the Marks or System, or actions that damage Goodwill; b. Abandon the Franchise Business; c. Operates the RYTECH Office in a manner that violates any federal, state, or local law, rule, regulation or ordinance, or, constitutes a threat to public safety or health; d. Material misrepresentation on initial application; e. Attempted assignment without permission; f. Disclosure of confidential information or Manual without permission; g. Repeated failure to comply with Manual; h. Repeated breach of Franchise Agreement; i. Failure to comply with Franchise Agreement or any other Agreement between You and Us; j. Are convicted of a felony, crime of moral turpitude, criminal misconduct or damage the goodwill of Company; k. Provide Services to a Customer or Carrier in another Territory without prior written approval. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| i. Franchisee's obligations on termination/non-renewal. | FA § 11 | a. Payment of monies owed to us, affiliates, and third parties; b. Deliver to us all confidential information, the Manual, and items with trademarks and cease using our Carrier Information and Customer Information; c. Cease using our trademarks, confidential information, trade secrets, and manual; d. Cancellation of assumed names and transfer of telephone phone numbers; e. De-identify premises; f. Cease Operating Rytech office. g. Assist in the transition of the Services for Carriers and Customers. |
| j. Assignment of contract by the Franchisor. | FA § 10 | No restriction on right to transfer. |
| k. "Transfer" by Franchisee –definition. | FA § 10 | The assignment, transfer, sale, or merger of Franchise Agreement, business entity, transfer in any fashion of ownership in the business entity owning the Franchise Business, death of Franchise owner or majority owner of Franchise owner. |
| l. Franchisor's approval of transfer by Franchisee. | FA § 10 | No transfer without approval except to a business entity you form according to requirements. |
| m. Conditions for Franchisor approval of transfer. | FA § 10 | a. The transferee must apply to us and meet the then-applicable standards of the Company. b. Transferee must not operate a similar business; c. Transferee must sign a current form of Franchise Agreement, Guaranty and Confidentiality Agreement; d. You and owners of Franchisee must sign a general release in a form prescribed by Company; e. Transferee and proposed management must successfully complete initial training program at transferees expense; f. You must have cured all defaults and paid all monies you owe us and affiliates. |
| n. Franchisor's right of first refusal to acquire Franchisee's business. | FA § 10 | We can match any offer for your Franchised Business. |
| o. Franchisor's option to purchase Franchisee's business. | FA | Not applicable. |
| p. Death or disability of Franchisee. | FA § 10 | Within 90 day, franchise must be assigned by estate to approved buyer, or the heir demonstrates the heir meets the criteria to our satisfaction. |
| q. Non-competition covenants during the term of the franchise. | FA § 7 | No involvement in competing business; no diversion of carriers customers or employees, no hiring of carrier representatives or any employees of us, our affiliate or other franchisees. (Subject to state law). |
| r. Non-competition covenants after the franchise is terminated or expires. | FA § 7 | No involvement in competing business for 2 years within Your Territory, or 10 miles of the border of Your Territory, within any Rytech franchised or company territory, or within 10 miles of the border of any Rytech franchised or company territory. No diversion of carriers, customers or employees, no hiring of carrier representatives or any employee of us, our affiliates or other franchisees (Subject to state law). |
| s. Modification of the agreement. | FA § 12 | Must be in writing by both sides; however, we may change the Operations Manual. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| t. Integration/ merger clause. | FA § 12 | Only the terms of the Franchise Agreement are binding. Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. (Subject to state law) |
| u. Disputes resolution by arbitration or mediation. | FA § 12 | Direct negotiations, mediation and, if unresolved, arbitration is required for all disputes except for known amounts of money and for injunctive relief. (Subject to state law). |
| v. Choice of forum. | FA § 12 | City and state where franchisor is located (presently Cobb County, Georgia), unless the law of your state provides otherwise. See Exhibit D, State Addenda. (Subject to state law). |
| w. Choice of law. | FA § 12 | Georgia law applies, unless the law of your state provides otherwise. See Exhibit D, State Addenda. |

# Item 18: PUBLIC FIGURES

We do not use any public figure. We may use a public figure to promote its franchise in the future, but have not present intent to do so.

# 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.

The following Table includes actual historical information we have accumulated for franchised businesses that were owned and operated by our franchisees in 2019 - 2022 and were opened for the entire twelve months in each applicable reporting year. Gross Revenues were generated from sales collected through RyPay.

All of the businesses included in the figures below are generally comparable to the Franchise offered by this disclosure document. No adjustments, including adjustments for geographic location, increased business due to catastrophic assistance or open service areas, have been made to these reported sales. Also, because these are Gross Revenues results only, no costs or expenses are taken into account.

### Average and Median Gross Revenues

The following table presents the Average and Median Annual Gross Sales for franchisees, together with the highest and lowest performing franchisees and how many franchisees exceeded the average broken down by year.

| Operating Year | Number of Franchisees* | Average Annual Gross Revenues per Franchisee | Number and percentage of Franchisees Attaining or Exceeding Average Gross Revenues | | Median Annual Gross Revenues per Franchisee | Highest Annual Gross Revenues | Lowest Annual Gross Revenues |
|---|---|---|---|---|---|---|---|
| **2022** | 67 | $696,731 | 22 | 33% | $541,481 | $4,180,856 | $73,638 |
| **2021** | 54 | $775,676 | 17 | 31% | $563,461 | $4,082,473 | $72,081 |
| **2020** | 50 | $736,081 | 15 | 30% | $532,632 | $3,417,505 | $95,986 |
| **2019** | 42 | $771,930 | 16 | 38% | $542,101 | $2,752,909 | $114,396 |
| **2018** | 39 | $650,165 | 17 | 44% | $500,059 | $1,981,674 | $128,321 |

*Franchisees included in this chart where open for the entire twelve-month period. Franchisees open for less than one year, or, franchisees who closed within the twelve-month period, are not included.

"**Average**" means the aggregate in each category of Operating Years, divided by the total number of Franchisees included in the second column of Table 1.

"**Gross Revenue**" means the amount of sales for Services or Products sold by You or your Related Parties and all other income of any kind whatsoever derived directly or indirectly in connection with Your operation of Your Franchised Business, the Marks, Your operation under the Marks or any aspect of the System, but excluding taxes actually paid to a governmental authority, and refunds actually made to Customers.

**"Median"** is defined as the middle Gross Revenues when arranged in an order.

These figures do not deduct royalties, admin fees and other fees owed by you to us or our affiliates.

The financial performance representation figures do not reflect net income or profit.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance you will earn as much.**

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Randy Kerlin at 1690 Roberts Blvd., NW, Suite 120, Kennesaw, GA 30144; telephone number (770) 977-8787, the Federal Trade Commission, in the appropriate State Regulatory Agency.

# Item 20: OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**
**System wide Outlet Summary**
**For years 2020 to 2022**

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of the Year | Column 4<br>Outlets at the End of the Year | Column 5<br>Net Change |
|---|---|---|---|---|
| Franchised | 2020<br>2021<br>2022 | 51<br>61<br>74 | 61<br>74<br>80 | +10<br>+13<br>+6 |
| Company-Owned* | 2020<br>2021<br>2022 | 6<br>6<br>6 | 6<br>6<br>3 | 0<br>0<br>-3 |
| Total Outlets | 2020<br>2021<br>2022 | 57<br>67<br>80 | 67<br>80<br>83 | +10<br>+13<br>+3 |

*Franchisor affiliated outlets are disclosed as company-owned

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

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|---|---|---|
| New Mexico | 2020<br>2021<br>2022 | 0<br>0<br>1 |
| North Carolina | 2020<br>2021<br>2022 | 0<br>1<br>0 |
| South Carolina | 2020<br>2021<br>2022 | 2<br>0<br>0 |
| Total | 2020<br>2021<br>2022 | 2<br>1<br>2 |

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

| Column 1 State | Column 2 Year | Column 3 Outlets at Start of Year | Column 4 Outlets Opened | Column 5 Termi-nations | Column 6 Non-Renewals | Column 7 Reacquired By Franchisor | Column 8 Ceased Operations - Other Reasons | Column 9 Outlets at End of The Year |
|---|---|---|---|---|---|---|---|---|
| Alabama | 2020 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Arizona | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| California | 2020 | 7 | 2 | 0 | 0 | 0 | 0 | 9 |
| | 2021 | 9 | 2 | 0 | 0 | 0 | 0 | 11 |
| | 2022 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| Colorado | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2020 | 13 | 1 | 0 | 0 | 0 | 0 | 14 |
| | 2021 | 14 | 0 | 0 | 0 | 0 | 0 | 14 |
| | 2022 | 14 | 4 | 0 | 0 | 0 | 0 | 18 |
| Georgia | 2020 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | 2022 | 6 | 1 | 2 | 0 | 0 | 2 | 3 |
| Illinois | 2020 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Louisiana | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Maryland | 2020 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| Massachusetts | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| Mississippi | 2020 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Missouri | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| New Mexico | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New Jersey | 2020 | 2 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| Column 1 State | Column 2 Year | Column 3 Outlets at Start of Year | Column 4 Outlets Opened | Column 5 Termi-nations | Column 6 Non-Renewals | Column 7 Reacquired By Franchisor | Column 8 Ceased Operations - Other Reasons | Column 9 Outlets at End of The Year |
|---|---|---|---|---|---|---|---|---|
| New York | 2020<br>2021<br>2022 | 3<br>3<br>2 | 0<br>0<br>0 | 0<br>1<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 3<br>2<br>2 |
| North Carolina | 2020<br>2021<br>2022 | 1<br>1<br>2 | 0<br>1<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 1<br>2<br>2 |
| Pennsylvania | 2020<br>2021<br>2022 | 1<br>2<br>2 | 1<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 2<br>2<br>2 |
| South Carolina | 2020<br>2021<br>2022 | 4<br>5<br>5 | 1<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 5<br>5<br>5 |
| Tennessee | 2020<br>2021<br>2022 | 4<br>4<br>4 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 4<br>4<br>4 |
| Texas | 2020<br>2021<br>2022 | 6<br>7<br>11 | 1<br>4<br>2 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 7<br>11<br>13 |
| Virginia | 2020<br>2021<br>2022 | 0<br>0<br>0 | 0<br>0<br>1 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>1 |
| Washington | 2020<br>2021<br>2022 | 0<br>0<br>1 | 0<br>1<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>1<br>1 |
| Wisconsin | 2020<br>2021<br>2022 | 0<br>0<br>1 | 0<br>1<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>1<br>1 |
| Totals | 2020<br>2021<br>2022 | 51<br>61<br>74 | 11<br>14<br>11 | 0<br>1<br>2 | 0<br>0<br>0 | 0<br>0<br>0 | 1<br>0<br>3 | 61<br>74<br>80 |

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

| Column 1 State | Column 2 Year | Column 3 Outlets at Start of Year | Column 4 Outlets Opened | Column 5 Outlets Reacquired From Franchisees | Column 6 Outlets Closed | Column 7 Outlets Sold To Franchisees | Column 8 Outlets at End of The Year |
|---|---|---|---|---|---|---|---|
| Georgia | 2020<br>2021<br>2022 | 1<br>1<br>1 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>1 | 1<br>1<br>0 |
| Florida | 2020 | 5 | 0 | 0 | 0 | 0 | 5 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2021<br>2022 | 5<br>5 | 0<br>0 | 0<br>0 | 0<br>0 | 0<br>2 | 5<br>3 |
| Totals | 2020<br>2021<br>2022 | 6<br>6<br>6 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>0 | 0<br>0<br>3 | 6<br>6<br>3 |

**Table No. 5**
**Projected Openings**
**As Of December 31, 2022**

| Column 1<br><br>State | Column 2<br>Franchise Agreements Signed But Facility Not Opened | Column 3<br>Projected Franchised New Facilities In The Next Fiscal Year | Column 4<br>Projected Company Owned Openings In Next Fiscal Year |
|---|---|---|---|
| Arizona | 0 | 0 - 1 | 0 |
| California | 1 | 0 - 2 | 0 |
| Colorado | 0 | 0 - 1 | 0 |
| Georgia | 0 | 0 - 2 | 0 |
| Kentucky | 1 | 0 - 2 | 0 |
| Maryland | 2 | 0 - 2 | 0 |
| Missouri | 0 | 0 - 2 | 0 |
| New Jersey | 0 | 0 - 1 | 0 |
| Texas | 0 | 0 - 2 | 0 |
| Virginia | 0 | 0 - 2 | 0 |
| District of Columbia | 1 | 0 | 0 |
| TOTAL | 5 | 0 - 17 | 0 |

**Exhibit E** lists the names of all current franchises and the addresses and telephone numbers of their outlets as of December 31, 2022.

**Exhibit F** lists the name, city and state, and the current business telephone number (or, if unknown, home) of every franchisee who ceased to do business under the franchise agreement or had an outlet terminated, canceled, not renewed, transferred, within the last fiscal year, or who has not communicated with the franchisor within 10 weeks of the application date. See Exhibit F.

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

"During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system."
There is no Rytech franchisee organization or association.

## Item 21: FINANCIAL STATEMENTS

Attached as **Exhibit G** to this Disclosure Document are the audited financial statements of Rytech Franchising, Inc., for the periods ending December 31, 2020, December 31, 2021 and December 31, 2022. (Our fiscal year is December 31).

## Item 22: CONTRACTS

Attached are copies of the following agreements relating to the offer of the franchise:

| | |
|---|---|
| **Exhibit C** | **Standard Franchise Agreement** |
| **Exhibit H** | **Prospective Franchisee Confidentiality Agreement** |
| **Exhibit I** | **Guarantee Agreement** |
| **Exhibit J** | **Sample General Release** |
| **Exhibit K** | **SBA Addendum** |

## Item 23: RECEIPTS

Two copies of your receipt of this Disclosure Document appear as **Exhibit M**. It is a detachable document and one copy must be signed by you and given to us. The other copy may be retained by you for your records. If these two pages or any other pages or exhibits are missing from your copy, please contact the Company at the address or phone number noted in Item 1. We do not use outside or independent franchise sellers.

# EXHIBIT A: STATE ADMINISTRATORS

| | | |
|---|---|---|
| **California**<br>Commissioner of Financial Protection and Innovation<br>Department of Financial Protection and Innovation<br>320 West 4th St., Suite 750<br>Los Angeles, CA 90013-1105<br>Toll Free: 1-866-275-2677 | **Michigan**<br>Consumer Protection Division<br>Michigan Department of Attorney General<br>670 Law Building<br>Lansing, MI 48913<br>(517) 373-7117 | **South Dakota**<br>Dept. of Commerce & Regulation<br>Division of Securities<br>118 West Capitol<br>Pierre, SD 57501-5070 |
| **Connecticut**<br>Department of Banking, Securities and Business Investment Division<br>260 Constitution Plaza<br>Hartford, CT 06103 | **Minnesota**<br>Minnesota Dept. of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101-3165<br>(651) 539-1600 | **Texas**<br>Secretary of State<br>Statutory Documents Section<br>P.O. Box 12887<br>Austin, TX 78711-2887 |
| **Florida**<br>Florida Department of Agriculture and Consumer Services<br>P.O. Box 6700<br>Tallahassee, FL 32399-6700 | **New York**<br>NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21st Floor<br>New York, NY 10005<br>212-416-8285 | **Utah**<br>Department of Commerce<br>160 East 300 South<br>SM Box 146704<br>Salt Lake City, UT 84114-6704 |
| **Hawaii**<br>Business Registration Div. Dept. of Commerce & Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2722 | **Nebraska**<br>Department of Banking and Finance<br>1230 "O" Street<br>Suite 400<br>P.O. Box 95006<br>Lincoln, NE 68509-5009 | **Virginia**<br>State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 E. Main Street,<br>Richmond, VA 23219<br>(804) 371-9051 |
| **Illinois**<br>Chief, Franchise Division<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62707<br>(217) 782-4465 | **North Dakota**<br>Securities Department<br>600 East Boulevard Avenue<br>5th Floor, Dept 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712 | **Washington**<br>Department of Financial Institutions<br>Securities Division<br>P.O. Box 9033<br>Olympia, WA 98507-9033<br>(206) 753-6928 |
| **Indiana**<br>Deputy Commissioner, Franchise Division<br>Indiana Securities Commission<br>Secretary of State<br>302 W. Washington St, Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681 | **Oregon**<br>Department of Insurance & Finance<br>Corporate Securities Section<br>Labor and Industries Building<br>Salem, OR 97310<br>(503) 378-4387 | **Wisconsin**<br>Securities and Franchise Registration<br>Wisconsin Securities Commission<br>P.O. Box 1768<br>Madison, WI 53701<br>(608) 266-8559 |
| **Maryland**<br>Office of the Attorney General,<br>Securities Division,<br>200 St. Paul Place,<br>Baltimore, MD<br>21202-2020<br>(410) 576-6360 | **Rhode Island**<br>Chief Securities Examiner<br>Department of Business Regulation<br>Securities Division<br>Franchise Section<br>233 Richmond Street, Suite 232<br>Providence, RI 02903-4232<br>(401) 277-3048 | |

# EXHIBIT B: AGENTS FOR SERVICE OF PROCESS

| | | |
|---|---|---|
| **CALIFORNIA**<br>Commissioner of Financial Protection and Innovation<br>California Department of Financial Protection and Innovation<br>320 West 4th Street, Suite 750<br>Los Angeles, California 90013-1105<br>1-866-275-2677 | **MARYLAND**<br>Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2020<br>(410) 576-6360 | **RHODE ISLAND**<br>Director of Depart. of Business Regulation Suite 232<br>233 Richmond Street<br>Providence, Rhode Island 02903-4232<br>(401) 277-3048 |
| **CONNECTICUT**<br>Connecticut Department of Banking, Securities and Business Investments Division<br>260 Constitution Plaza<br>Hartford, CT 06103 | **MICHIGAN**<br>Dept. of Commerce, Corp'ns & Securities Bur. 6546 Mercantile Way<br>P.O. Box 30222<br>Lansing, Michigan 48910<br>(517) 373-7117 | **SOUTH DAKOTA**<br>Director of Division of Securities<br>445 E. Capitol Avenue<br>Pierre, SD 57501-2017<br>(605) 773-4013 |
| | **MINNESOTA**<br>Commissioner of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101<br>(612) 539-1600 | **VIRGINIA**<br>Clerk of the State Corporation Commission 1300 East Main Street<br>Richmond, Virginia 23219<br>(804) 371-9733 |
| **HAWAII**<br>Comm'r Securities of the State of Hawaii<br>Depart. of Commerce & Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | **NEW YORK**<br>Attention: New York Secretary of State<br>New York Department of State<br>One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, New York 12231-0001<br>(518) 473-2492 | **WASHINGTON**<br>Director of Depart. of Financial Institutions General Administration Building -Securities Division<br>150 Israel Road, S. W.<br>Tumwater, Washington 98501<br>(360) 902-8760 |
| **ILLINOIS**<br>Illinois Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 | **NORTH DAKOTA**<br>North Dakota Securities Commissioner<br>600 Boulevard Avenue, State Capital Fifth Floor<br>Bismarck, ND 58505-0510<br>(701)328-4712 | **WISCONSIN**<br>Commissioner of Securities<br>345 West Washington Avenue<br>Fourth Floor<br>Madison, Wisconsin 53703<br>(608) 261-9555 |
| **INDIANA**<br>Indiana Secretary of State<br>201 State House<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | | |

# EXHIBIT C: FRANCHISE AGREEMENT AND RELATED MATERIALS

**Franchisee:**

**Trade Name:**

**Owners of Franchisee:**

**Business Address:**

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## Attachments


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3. Electronic Funds Transfer ("EFT") Agreement
4. Authority To Transfer Telephone Number
5. Guaranty
6. Non-Compete, Confidentiality And Non-Solicitation Agreement
7. Authority To Transfer Domain Names and Email Addresses
8. State Addenda and Effective Dates

# FRANCHISE AGREEMENT

## 1. PARTIES

THIS FRANCHISE AGREEMENT is made on the Effective Date by and between Rytech Franchising, Inc. ("RYTECH"), a Georgia corporation with its principal office in Kennesaw, GA , and _____, (“Franchisee”) or ("You").

## 2. RECITALS

### 2.1 Ownership of System and Marks

(a) Through the expenditure of time, skill, effort, and money, RYTECH has developed and owns a distinctive and proprietary System relating to the establishment and operation of a business that, under the Marks, provides water damage restoration, insurance restoration, professional residential and commercial cleaning including interior and exterior cleaning, applied structural drying, mold remediation, fire and smoke damage cleaning and mitigation and restorative drying services business and provide ancillary products and services. Future offerings may include residential insurance restoration general contracting or other related services.

(b) The distinguishing characteristics of the System include, without limitation, uniform and distinctive methods for selling and advertising the services and equipment, uniform and distinctive operating procedures, methods, and techniques for operations, accounting, record-keeping and reporting, personnel management, promotion, marketing, advertising, training, and customer service, all of which RYTECH may change, improve, and further develop over time.

(c) RYTECH is the owner of certain intellectual property rights, including the trade name, "RYTECH®,". RYTECH owns all of the goodwill associated with the Marks, which are used to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality and service.

### 2.2 Objectives of Parties

RYTECH would like to grant to You and You would like to accept from RYTECH a Franchise to operate a Franchised Business, using the Marks and the System, upon the terms and conditions in this Agreement. You understand and acknowledge the importance of RYTECH's high and uniform standards of quality and service and the necessity of operating the Franchised Business in conformity with RYTECH's standards and specifications.

## 3. DEFINITIONS

For purposes of this Agreement, when any of the following words and phrases begins with a capital letter, its meaning is defined in this Article 3:

**3.1 AAA.** "AAA" means the American Arbitration Association.

**3.2 Additional Services.** "Additional Services" means those services other than Core Services that RYTECH authorizes franchisees to offer and provide. The Additional Services that RYTECH authorizes You to perform in accordance with this Agreement, if any, must be set forth in writing. As RYTECH continues to develop the System, RYTECH may, by written notice to You or by amendment to the Manual, designate as Core Services that were originally Additional Services under this Agreement.

**3.3 ADR Process.** "ADR Process" means the process set forth in Section 11.7 for resolution of Disputes between the parties.

**3.4 Administrative Services.** "Administrative Services" means certain administrative services performed either by Rytech Admin Services, LLC or another Rytech authorized provider as designated by the Company for Your Franchised Business as set forth in the Operations Manual, including call center and assignment dispatch, estimates creation, job invoicing, and assistance with account collections, credentialing and software setup. You are responsible for all your bookkeeping, software expenses, bank accounts, payroll and collections.

**3.5 Administrative Fee.** "Administrative Fee" means the fee You pay for the Administrative Services.

**3.6 Affiliate.** "Affiliate" means an Entity that controls, is controlled by, or is under common control with another Entity.

**3.7 Agreement.** "Agreement" means this Franchise Agreement, including any amendments, exhibits and other attachments.

**3.8 Allowances.** "Allowances" means marketing allowances, rebates, credits, monies, payments or benefits offered by suppliers. "Allowances" excludes payments for services rendered, license fees, and the like, and reimbursement by a vendor of RYTECH's direct, out-of-pocket costs associated with items or services sold to You, for example, the cost RYTECH incurs for an advertising agency to develop advertising materials sold to You by a vendor.

**3.9 Authorized Representatives.** "Authorized Representatives" means people authorized by the Complainant or the Respondent to act on behalf of such party to settle a dispute between the parties arising out of or in connection with this Agreement.

**3.10 Beneficial Ownership.** "Beneficial Ownership" means, as applicable, (a) direct or indirect

ownership of all or any portion of an Entity's voting stock if it is a corporation; (b) direct or indirect ownership of all or any portion of the rights to capital and/or profits if the Entity is a limited liability company, a partnership of any kind (regardless of whether the partnership has been formalized or exists as a matter of law), or any Entity other than a corporation, or (c) direct ownership of the Franchised Business by any one or more individuals.

**3.11 National Ad Fund.** "National Ad Fund" means the vehicle that RYTECH has established and developed in accordance with Section 8.1, *National Ad Fund*, to enhance the goodwill, brand System, Network, and Marks and to develop Brand enhancement programs and materials.

**3.12 Business Day.** "Business Day" means any day other than Saturday, Sunday or a holiday on which the U.S. Postal Service does not deliver mail.

**3.13 Carrier.** "Carrier" means an insurance company, or third-party administrator for a Carrier, for whom You or another franchisee may provide Services under a Carrier program to provide Services to the Carriers' insured. Rytech Carrier programs may be state-wide, regional or national accounts.

**3.14 Carrier Information.** "Carrier Information" means any and all of, or any combination of, the name, contact information, Services provided, payment history, and relationship history of any Carrier, without regard to how the Carrier Information is compiled or designated, who has compiled the Carrier Information, or the medium in which it is maintained. All Carrier Information belongs to RYTECH and it may use or transfer the Carrier Information in its sole judgment, subject to applicable law.

**3.15 Catastrophic Event.** "Catastrophic Event" means a natural or man-made disaster that is unusually severe. They are events that cause a minimum of $25 million in physical damages in the affected area and affects a significant number of policyholders and insurers within a defined geographic area.

**3.16 Company-owned Unit.** "Company-owned Unit" means a RYTECH business owned or operated by RYTECH, its parent, Affiliate or one of its principals.

**3.17 Competitive Business.** "Competitive Business" means (a) a business that derives any revenues from providing any Core Services or Additional Services including any services that RYTECH may now or in the future authorize You or other franchisees to offer in connection with the operation of Franchised Businesses and/or (b) a business that offers franchises or provides support services for any business of the type described in clause (a) of this sentence. For purposes of Section 7.11(a) of this Agreement, "Competitive Business" also means (a) a business that directly or indirectly derives any revenues from providing any service that RYTECH has under a pilot or test program; and (b) any business that offers franchises or provides support services for any business described in clause (a) of this sentence.

**3.18 Complainant.** "Complainant" means the party that initiates the ADR Process described in Section 12.7.

**3.19 Confidential Information.** "Confidential Information" means any know-how and trade secrets (whether or not judicially recognized as a trade secret) and all other information not generally known, that have been developed and/or are owned by RYTECH or any of its Related Parties or their officers, directors, employees, agents, representatives, licensees and franchisees, including, but not limited to, all Carrier Information or Customer Information, all oral or written training, advice, Standards, guidelines and directives furnished by RYTECH in connection with this Agreement or Your Franchised Business, all Manuals and other documentation, including those on the subjects of employee relations, finance and administration, field operation, purchasing and marketing; all information relating to operations of franchisees, all other non-public aspects of the System; any password and/or electronic key or other device necessary to access other Confidential Information and/or the Rytech Intranet; and all other information RYTECH and/or any of its Related Parties provides to or makes available to You and/or Your Related Parties, in any form or by any method, for use in the operation of Your Franchised Business under this Agreement.

**3.20 Cooperative Advertising Program.** "Cooperative Advertising Program" means the advertising program described in Section 8.3.

**3.21 Core Services.** "Core Services" means the following: Residential and Commercial Water Damage Restoration, Applied Structural Drying, Mold Remediation, Demolition (removal of affected building materials), Debris Removal, Professional Residential and Commercial Cleaning Services including interior and exterior cleaning, Carpet Cleaning, Carpet Cushion Replacement, Carpet Re-installation, Moisture Checks, personal contents cleaning, packing, storing and other ancillary products and services, and, Onsite Peer Reviews, and any other services we may offer in the future our Core Services. "Core Services" also includes every other Service that RYTECH requires franchisees to offer. As RYTECH continues to develop the System, RYTECH may, by written notice to You or through changes to the Manual, designate as required Core Services.

**3.22 Covered Individual.** "Covered Individual" means any individual who is at the time, or has been within the preceding six months, employed in a managerial position by RYTECH, by any franchisee, or by any of their respective Related Parties. For purposes of this definition, "managerial position" means any position at the level of manager or above, whether employed in a Franchised Business, in a multi-unit supervisory position, or in a headquarters staff position (e.g., officer or director level personnel, management information systems personnel, or human resources personnel).

**3.23 Customers.** "Customers" means Persons that engage Your Franchised Business, or any other Franchised Business, to provide Services or sell Products to Homeowners or Businesses. The

definition of Customers includes Carrier accounts you receive under Carrier programs.

**3.24 Customer Agreement.** "Customer Agreement" means a written agreement between You and a Customer for the provision of Services.

**3.25 Customer Information.** "Customer Information" means any and all of, or any combination of, the name, contact information, Services provided, payment history, and relationship history of any Customer, without regard to how the Customer Information is compiled or designated, who has compiled the Customer Information, or the medium in which it is maintained. All Customer Information belongs to RYTECH and it may use or transfer the Customer Information in its sole judgment, subject to applicable law.

**3.26 Designated Manager.** "Designated Manager" means the person, regardless of title, whom You have appointed to fulfill the functions of a general manager (as that term is generally understood) of Your Franchised Business.

**3.27 Dispute.** "Dispute" means any claim or controversy arising out of or related to (i) this Agreement (including any claim that the Agreement or any of its provisions is invalid, illegal, or otherwise voidable or void), (ii) the relationship between You and RYTECH, and/or (iii) Your operation of the Franchised Business.

**3.28 EFT.** "EFT" means electronic funds transfer.

**3.29 Effective Date.** "Effective Date" means the date the agreement was signed by Rytech Franchising, Inc.

**3.30 Entity.** "Entity" means any legal entity, including but not limited to, a trust, a corporation, a general or limited partnership (regardless of whether the partnership has been formalized or exists as a matter of law), or a limited liability company.

**3.31 Equipment.** "Equipment" means technology and equipment, as further described in the Manual.

**3.32 Financial Statements.** "Financial Statements" means and includes a balance sheet, an income statement and a statement of owners' equity as of a particular date and for the fiscal period then ended, prepared in accordance with U.S. generally accepted accounting principles, consistently applied, and in accordance with the chart of accounts that RYTECH specifies. If You are an Entity, the Financial Statements will relate to Your assets, liabilities and operations; if You are an individual, the Financial Statements will relate to the proprietorship through which You conduct the Franchise.

**3.33 Franchise.** "Franchise" means the rights to operate a Franchised Business.

**3.34 Franchise Agreement.** "Franchise Agreement" means an agreement that sets forth the terms of the Franchise and governs the operation of the Franchised Business.

**3.35 Franchise Fee.** "Franchise Fee" means the fee You must pay to RYTECH upon Your execution of this Agreement, as described in Section 6.1.

**3.36 Franchised Business.** "Franchised Business" means a business providing Services and Products in accordance with the System and in association with the Marks under a Franchise Agreement. The Franchised Business that You will operate under this Agreement is referred to in this Agreement as "Your Franchised Business."

**3.37 Franchisee.** "Franchisee" means the Person (or Persons) who signs a Franchise Agreement as a primary obligor under the Franchise Agreement.

**3.38 Good Standing.** "Good Standing" means full and timely compliance, as determined by RYTECH in its sole judgment, by You and Your Related Parties with all provisions of this Agreement, the Manual, and any other agreement between You and/or Your Related Parties and RYTECH and/or its Related Parties, during the term(s) of those agreements, specifically including provisions for timely payment of amounts owed by You to RYTECH or its Related Parties.

**3.39 Gross Revenue.** "Gross Revenue" means the amount of sales for Services or Products sold by You or your Related Parties and all other income of any kind whatsoever derived directly or indirectly in connection with Your operation of Your Franchised Business, the Marks, Your operation under the Marks or any aspect of the System, but excluding taxes actually paid to a governmental authority, and refunds actually made to Customers.

**3.40 Immediate Family.** "Immediate Family" means the spouse, parents, children, step-children, brothers, sisters and in-laws of an individual having Beneficial Ownership in You.

**3.41 Improvements.** "Improvements" means any addition, modification, adaptation, improvement, refinement, invention, or innovation (including advertising slogans, logos, advertising concepts, and the like) that any Person makes or suggests related to the System, the Network, the Manual, or other confidential information relating to any Franchised Business.

**3.42 Indemnified Parties.** "Indemnified Parties" means, jointly and severally, RYTECH and its Affiliates, parents, ultimate parents, and their respective directors, officers, employees, shareholders, agents, consultants, attorneys, Independent Contractors, designees, successors, and assignees.

**3.43 Late Fee.** "Late Fee" means the fee you must pay to RYTECH as described in Section 6.7.

**3.44 Losses and Expenses.** "Losses and Expenses" means compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; as applicable, compensation for damages to RYTECH's and/or the System's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses.

**3.45 Manual.** "Manual" means all manuals, bulletins, directives, memoranda, Marketing Specifications Guides, video or audio tapes, computer media (e.g., computer software, CD-ROM), electronic communications and other written and electronic communications prepared by RYTECH or under its direction from time to time, that contain the Standards and other requirements and/or recommendations for the operation of a Franchised Business and the use of the System, regardless of whether RYTECH has formally designated them to be part of a "manual." The Manual will remain RYTECH's exclusive property at all times.

**3.46 Marketing Representative.** "Marketing Representative" means an individual hired to market the Core Services in Your Territory to Insurance Agents, Property Managers and the like. The Marketing Manager's tasks, which are more fully described in the Manual, include visits to offices, calls and other forms of communications for the purpose of generating new business.

**3.47 Marks.** "Marks" means the trademarks, trade names, logos, emblems, domain names, trade dress, and other indicia of origin, including the trade name "RYTECH®", licensed by RYTECH to You under this Agreement and used by RYTECH to identify the System and the Franchised Businesses and to promote Services and Products in various media, including the Internet.

**3.48 Minimum Royalty Fee.** "Minimum Royalty Fee" means the minimum Royalty Fee payment due after the first 12 months after the Start Date, as provided in Section 6.2(a)(i).

**3.49 Network.** "Network" means, collectively, all Franchised Businesses and all Company-owned Units.

**3.50 Rebuild Services.** Reconstruction services are defined as work done only to repair damages from fire, flood, or other catastrophic events of loss which includes electrical, dry-wall, painting, plumbing, roofing, carpentry, cabinetry, floor covering replacement or installation work. Reconstruction Services do not include remodeling or construction work, demolition work, rental of dumpsters, electrical power generators, or other rental services as this is part of the mitigation services classification.

**3.51 Open Area.** "Open Area" means zip codes that are not assigned as part of any Territory, in which any franchisee may provide Services with the prior written approval of RYTECH.

**3.52 Permanently Disabled.** "Permanently Disabled" means being subject to any physical, emotional or mental injury, illness or incapacity that prevents an individual from performing his

or her obligations under this Agreement or under any guaranty of franchisee's obligations under this Agreement for at least 90 consecutive days, and from which recovery is unlikely within 90 days from the date such person is determined to be Permanently Disabled.

**3.53 Person.** "Person" means an individual or an Entity.

**3.54 Products.** "Products" means those items, other than Services, that RYTECH authorizes You to offer, sell or lease to Customers and Carriers and/or others, including Equipment.

**3.55 Related Party.** "Related Party" or "Related Parties" means Persons affiliated with either RYTECH or You, as the context indicates in this Agreement, including Persons owning or otherwise having a Substantial Interest in RYTECH or in You, Persons in which RYTECH or You have a Substantial Interest, and Persons in which any Person owning a Substantial Interest in You also has a Substantial Interest, and each of Your officers and directors. If any of You is an individual, the spouse of each such individual is a Related Party; the spouse of an individual who has a direct or indirect Substantial Interest in You is a Related Party. As used in this paragraph, the phrase "Substantial Interest" means the right to 10% or more of the capital or earnings of a Person. A Person may become a Related Party after the execution of this Agreement or may cease to be a Related Party during the Term.

**3.56 Renewal Agreement.** "Renewal Agreement" means RYTECH's then-current form of Franchise Agreement, modified to reflect the fact that the Franchised Business is already operating, that a franchisee signs for an additional term at the end of the then-current term of an expiring Franchise Agreement or at such earlier time as RYTECH may permit. The Renewal Agreement may contain terms, conditions and obligations different than this Franchise Agreement, including different economic terms.

**3.57 Respondent.** "Respondent" means the party receiving the notice of initiation of the ADR Process.

**3.58 Reviews**. "Onsite Peer Reviews" means a peer review of a third party supplier performed on the site of the loss.

**3.59 Royalty Fee.** "Royalty Fee" means the continuing monthly fee that You will pay, as set forth in Section 6.2, *Royalty Fee and Gross Revenue Report*.

**3.60 RyPay.** "RyPay" is a RYTECH Program that collects all payments from Carriers for Your Services and Products in Your Territory. All Fees (Royalties, Applications, Software, ADMIN, etc.) due by You are deducted from payments collected; all remaining amounts are deposited directly into your bank account.

**3.61 RYTECH.** "RYTECH" means Rytech Franchising, Inc. or any Person to which Rytech

Franchising, Inc. delegates, transfers or assigns all or part of its rights and obligations under this Agreement.

**3.62 RYTECH Intranet.** "RYTECH Intranet" means a private, Internet-based network that RYTECH maintains to facilitate electronic communication among itself, franchisees and others authorized by RYTECH.

**3.63 RYTECH Website.** "RYTECH Website" means the Internet Website that RYTECH maintains at www.Rytech.com and/ or any additional or substitute Website that RYTECH develops to advertise and promote the System, Franchised Businesses, the Network, and/or the Services and Products offered under the Marks.

**3.64 Services.** "Services" means all Core Services and those Additional Services and future services that RYTECH has authorized You to perform.

**3.65 Social Media.** "Social Media" means platforms that enable the interactive web by engaging users to participate in, comment on and create content as means of communicating with their social graph, other users and the public; for example Facebook, Twitter, Instagram, blogs.

**3.66 Standards.** "Standards" means the standards, specifications, policies, procedures, guidelines and processes required by RYTECH in connection with the operation of a Franchised Business under the Marks and the System as set forth in the Manual or otherwise in writing and as modified from time to time as RYTECH may deem advisable.

**3.67 Start Date.** "Start Date" means the date by which You must begin offering the Core Services. The Start Date under a Start-up Agreement means the final day of the month following the month in which You finish the initial training program as specified in Section 7.2.1. The "Start Date" under an Expansion Agreement not acquired through a Transfer means the date 60 days after the Effective Date. The "Start Date" for a Franchised Business acquired through a Transfer is the Effective Date. The Start Date may be extended only with RYTECH's written consent.

**3.68 Subcontractors.** "Subcontractor" means a person or business which has a contract as an independent contractor with You to provide some portion of the work or services on a project which You has agreed to perform. A Subcontractor cannot be an entity that has shared ownership or control by You; whether a parent, affiliate, division, subsidiary, successor, predecessor and the like.

**3.69 System.** "System" means the distinctive business system developed and owned by RYTECH, as such may be developed, changed, and modified from time to time, including all of the Confidential Information, Services, vendor arrangements, business methods, methods of operation, Standards, technical knowledge, trade secrets, purchasing arrangements, advertising materials, marketing concepts and strategies, information on sources of supply, administrative

procedures, business forms, and employee training techniques.

**3.70 Term.** "Term" means the term of the Franchise Agreement as set forth in Section 4.4.1, *Term*.

**3.71 Termination.** "Termination" means expiration of this Agreement; non-renewal of this Agreement; or termination, under the circumstances described in Article 11 of this Agreement, of the then-current Term before its normal expiration date.

**3.72 Territory.** "Territory" means a fixed geographical area within which RYTECH authorizes a franchisee to provide Services to Customers or Carriers. The Territory assigned to You is set forth in Attachment 1 to this Agreement and is referred to in this Agreement as "Your Territory." If You provide Services in an Open Area under the terms set forth in this Agreement, the Open Area does not become part of Your Territory.

**3.73 Transfer.** "Transfer" means any sale, gift, assignment, conveyance, pledge, encumbrance, or other direct or indirect lien or change in ownership, whether voluntary or by operation of law, of all or any part of: 1) the rights and/or obligations under this Agreement, 2) any Beneficial Ownership in the Franchised Business, and/or 3) any Beneficial Ownership interest in You.

**3.74 Transfer Fee.** "Transfer Fee" means a fee equal to Fifteen percent (15%) of the then-current Initial Franchise Fee to be paid to RYTECH in the event of a Transfer.

## 4. GRANT OF FRANCHISE

### 4.1 Granting Clause

RYTECH grants to You, and You accept from RYTECH, a Franchise to operate a Franchised Business within Your Territory under the Marks and System and in accordance with the terms of this Agreement.

### 4.2 Territory

#### 4.2.1 Geographic Restrictions on Your Activities

You may provide Services only within Your Territory. You may not otherwise, directly or indirectly, perform work, market or solicit to Customers and/or Carriers outside Your Territory by any means except as otherwise provided in Section 4.2.3. *Open Areas*, or unless RYTECH gives its prior written consent. RYTECH may withhold or withdraw its consent at any time in its sole judgment.

#### 4.2.2 Territorial Protection for Services

So long as You and Your Related Parties are in Good Standing and subject to the rights

reserved by RYTECH as specified in Section 4.3, *Rights Reserved*, RYTECH will not authorize any other franchisee or licensee to provide Services under the Marks to Customer or Carriers within Your Territory nor itself provide Services under the Marks to Customers or Carriers within Your Territory, except in any of the following circumstances:

(a) If, before You executed this Agreement, other franchisees and/or Company-owned Units had been serving Customers or Carriers in an Open Area that now is within Your Territory, RYTECH will, in the best interests of continuity of Services, permit those franchisees and/or Company-owned units to continue to provide Services to those Customers or Carriers.

(b) To protect the goodwill of the Marks and the reputation of the System, RYTECH may, in its sole judgment, permit another franchisee or Company-owned Unit to provide Services under the Marks to new or existing Customers or Carriers in Your Territory if You have failed to respond to requests for Services in Your Territory in violation of Rytech Standards, regardless of whether RYTECH has given You formal notice of default under this Agreement.

(c) To protect the goodwill of the Marks and the reputation of the System, RYTECH may, in its sole judgment, permit another franchisee or Company-owned Unit to provide Services under the Marks to new or existing Customers or Carriers in Your Territory if a Catastrophic Event has occurred in Your Territory and RYTECH has determined, in their reasonable business judgement, that the number of claims exceed Your capacity to perform the Services under the Franchise Agreement.

4.2.3 Open Areas

You may provide Services to Customers and/or Carriers, in an Open Area only with RYTECH's prior written consent and only if You and Your Related Parties are, and remain, in Good Standing. RYTECH's written consent, which it may withdraw at any time for any reason, is further conditioned upon the following requirement which must be met by You:

(a) You direct solicitations, marketing, and advertising to prospective Customers and Carriers outside of Your Territory only within the Open Area and You can completely discontinue that directed solicitation, marketing, and/or advertising upon written notice by Rytech.

(b) You agree that, when any portion of the Open Area is granted to another franchisee as part of its Territory or RYTECH opens a Company-owned Unit that serves any portion of the Open Area:

(i) You will cease accepting new Customers and Carriers (except as otherwise permitted in writing by RYTECH, in the Manual or otherwise) for any Services in any portion of the Open Area that is assigned as the Territory of that franchisee or the Company-owned Unit; and

(ii) You will immediately take all steps necessary to completely discontinue any solicitations, marketing and advertising You have directed to prospective Customers and/or Carriers in the Open Area.

If You begin to provide Services in an Open Area, You will be deemed to have agreed to

the foregoing terms.

You must immediately stop providing Services to Customers and Carriers in an Open Area if RYTECH withdraws its consent to Your operating there. RYTECH may withdraw its consent for any reason or for no reason at all immediately upon written notice to You.

4.2.4 Modification of Territory

If You are in operational default of this Agreement, RYTECH may, among other things, reduce the scope of the geographic area comprising the Territory regardless if You have cured the default. Otherwise, RYTECH will not modify Your Territory.

4.2.5 Program Accounts within Territory. You acknowledge that RYTECH has the sole authority to enter into regional or national account relationships and/or contracts, for and on behalf of the System, with insurance companies, third party administrators, commercial clients, property managers and the like ("Program Accounts"), under which RYTECH may assign jobs to franchisees. You must adhere to the Program requirements of the Program Account including service levels, compliance, intellectual property requirements and other contractual requirements. RYTECH shall have discretion to determine the referral policies and fees for You to participate in Program Accounts, which shall be set forth in the Manual. You agree to accept projects within the Territory requiring the Services pursuant to the requirements of any Program Account that RYTECH may enter into. Neither RYTECH nor its Affiliates shall be liable to You for allocation decisions made in the exercise of their reasonable business judgment. You shall abide by all applicable policies and procedures with respect to the Program Account, including the pricing of projects and any fees related thereto.

4.2.6 Optional Programs. RYTECH may from time to time establish and offer to You additional programs that service multiple customers including Carriers, TPAs, homeowners, commercial clients, property managers and the like ("Optional Programs") related to RYTECHs Business. You may participate in such Optional Programs subject to the requirements, terms, and conditions established from time to time by RYTECH for such Optional Programs, which may include additional training requirements and additional fees. Such fees are not a royalty but are administrative fees payable to RYTECH in consideration for RYTECH's expenses and support for each applicable Optional Program. All Optional Programs are developed and offered at the sole discretion of RYTECH, and may be terminated by RYTECH at any time upon written notice to You. Should you opt to not participate in any Optional Program, RYTECH may put another franchisee in your territory to provide optional programs if wish to opt out of any Optional Program.

## 4.3 Rights Reserved

4.3.1 RYTECH reserves all rights not expressly granted in this Agreement. Without limitation and without regard to proximity to Your Territory, RYTECH and our affiliates reserve the right, on such terms and conditions as we deem appropriate, ourselves or through authorized

third parties (including our Affiliates), to:

(a) To own, acquire, establish and/or operate, and license others to establish and/or operate, Franchised Businesses outside Your Territory;

(b) To own, acquire, establish, and/or operate systems (franchised and/or company-owned) under other marks, whether any such system is similar to or different from the System, at any location(s) within or outside Your Territory, and to use other channels of distribution (for example, the Internet, catalog sales, telemarketing, or other direct marketing) in connection with such system(s) and/or location(s);

(c) To own, be acquired by, merge, establish, and/or operate, and license others to establish and operate, businesses different from a Franchised Business but operated under the Marks within or outside Your Territory, and to use other channels of distribution (for example, the Internet, telemarketing, or other direct marketing) in connection with such system(s) and/or location(s);

(d) To acquire, be acquired by or merge with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include arrangements involving competing outlets and brands, even if that business operates, franchises or licenses Competitive Businesses in Your Territory;

(e) To engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement;

(f) Provide services to regional or national accounts and implement other multi-area marketing programs in and outside of the Territory, and solicit customers anywhere, but Franchisee will have the option to deliver the services within the Territory under terms that Rytech determines. If Franchisee does not service a customer developed by a multi-area marketing program, Rytech may make other arrangements to do so; and

(g) During Catastrophic Events, to send other franchisees or company personnel into your Territory to the degree necessary to provide services to the affected areas without compensation to you.

## 4.4 Term and Renewal

### 4.4.1 Term

This Agreement takes effect on the date it has been signed by RYTECH. If that date is after the Effective Date, this Agreement will relate back to, and the Term will begin, on the Effective Date. The Term will continue for a period of ten years from the Effective Date, unless this Agreement is terminated earlier as otherwise provided in it.

### 4.4.2 Renewal

Upon expiration of the Term, Rytech may elect to grant you a renewal of the Franchise for

consecutive additional five-year terms if, at the time of each renewal, all of the following conditions are, in RYTECH's sole judgment, fulfilled You and Your Related Parties have substantially complied with all of the material provisions of this Agreement (including Standards set forth in the Manual) throughout the Term and You and Your Related Parties are then in full compliance with all of the material provisions of this Agreement (including Standards set forth in the Manual).

(a) You have notified RYTECH, in writing, at least 120 days before the expiration date of this Agreement of Your desire to renew.

(b) Within 60 days before renewal, You have complied with RYTECH's then-current training requirements for renewing franchisees.

(c) You and any Person with a Substantial Interest in You have executed the Renewal Agreement (including an Agreement and Guaranty and a Confidentiality and Non-Compete Agreement in such forms as RYTECH may then require, and any ancillary agreements RYTECH may require) within the later of 30 days before the expiration of this Agreement or three days after expiration of any applicable disclosure period designated by RYTECH.

(d) You and all Persons that have any Beneficial Ownership interest in You or in the Franchise and/or have signed a guaranty of Your obligations have executed a general release of claims in favor of RYTECH and its Related Parties and Affiliates.

(e) When You sign the Renewal Agreement, You pay RYTECH a renewal fee of $5,000.

(f) You have not been in default of the Franchise Agreement more than three times during the Term.

The Renewal Agreement will be in the form of RYTECH's then-current form of Franchise Agreement for new franchisees, modified to reflect the fact that the Franchised Business is already operating. The terms of the Renewal Agreement, and any other agreements RYTECH may require, may differ materially from those contained in this Agreement, including increased Royalty Fees and National Ad Fund contributions. Your right to renew will be contingent upon Your acceptance of the new terms.

## 5. SERVICES TO FRANCHISEE

RYTECH will perform the following obligations at locations selected by it, if You are in Good Standing when RYTECH is to perform the service.

### 5.1 Training

5.1.1 Initial Training

Before You commence offering Services, RYTECH will conduct an initial training

program in the operation of a Franchised Business for two persons; at least one of these persons must have Beneficial Ownership in You. Additional persons may attend that initial training program or subsequent initial training programs if there are open training spaces. You are responsible for all your Trainees' expenses in attending Training including all travel, lodging and meal expenses. You must pay all expenses incurred to have any additional employees or agents attend the Initial Training, including reasonable training fees.

RYTECH will provide the initial program concerning the operation of a Rytech Office consisting of up to ten (10) days of training at RYTECH's Home Office or an existing Office, at RYTECH's sole option, and up to five (5) days training at Your Rytech Office. The exact days will be mutually selected by RYTECH and You. You will attend the training program at no charge to You. You will be responsible for any travel, lodging, meals, wages or other costs for the attendee(s) of all training programs. Satisfactory completion of all mandatory training sessions is required. Failure to do so will result in a breach of this Agreement and in its termination. You must complete all of Your IICRC training prior to the initial training program.

5.1.2 Additional Training

RYTECH will also provide such additional seminars, conferences, courses, and other training as it deems advisable and it may require You, Your Designated Manager, and/or other employees to attend. RYTECH may use such means of training, including online training, training via teleconferencing or video conferencing, as it deems advisable. All additional training is subject to the terms set forth in Section 7.2.1 *Quality Control, Training*, of this Agreement. You must pay all expenses incurred in connection with Additional Training, including reasonable training fees. You agree to pay our then current fee for Rytech U, currently $115 per quarter. RYTECH may choose to collect the total quarterly charge via Rypay.

5.2 Operational Assistance

RYTECH will provide such periodic and continuing advisory assistance to You in the operation of Your Franchised Business as RYTECH deems advisable. RYTECH may provide this assistance by telephone, e-mail, Office visits, additional training, and such other means as it deems appropriate.

5.3 Marketing and Branding Assistance

RYTECH will make available from time to time, at Your expense, marketing and other materials for Your use in advertising. In addition, as described in Article 8 *Advertising, Branding, Internet,* RYTECH will provide such other marketing and branding assistance and develop such marketing, branding, public relations, and advertising programs as it deems advisable.

**5.4 Service Development**

RYTECH will, to the extent it deems advisable, research new types of Services that You may offer to Your Carriers and Customers.

## 5.5 Manual

RYTECH will loan You, during the Term of this Agreement, access to our Manual or set of Manuals and training guides containing instructions for use of the Marks, the Standards for operation of Your Franchised Business, and administration methods developed by RYTECH for use in a Franchised Business, and other information that RYTECH believes may be necessary or helpful to You in Your operation of Your Franchised Business. RYTECH may revise the Manual periodically to conform to the changing needs of the System, including modifications to the System, and will provide You with these revisions. RYTECH may deliver the Manual and any updates in hard copy, via audio or video tape, CD, DVD, in electronic form via the RYTECH Intranet, or in such other format or medium as it deems advisable.

At RYTECH's option, RYTECH may post some or all of the Manual on a restricted Website, intranet, or extranet to which You will have access. You agree that, if RYTECH does so, You will monitor and access the Website, intranet, or extranet for any updates to the Manual. Any password or other digital identification necessary to access the Manual on a Website, intranet, or extranet will be deemed to be Confidential Information belonging to RYTECH, subject to Section 7.9, *Confidential Information*, of this Agreement.

## 5.6 Initial Equipment Package

(a) You must purchase an initial amount of equipment and supplies from our approved suppliers prior to the opening of the Franchised Business. The list of initial equipment and supplies is noted on Attachment 2. You agree to pay for the equipment and supplies at the time of ordering. You may pay a different price if the equipment and supplies are purchased from approved suppliers. Purchases from approved suppliers will be paid in accordance with the requirements of the respective suppliers. You must provide proof of delivery of the contents of the initial equipment and supply package before opening if they are not bought from RYTECH. RYTECH may, in its sole discretion, reduce the amount of required equipment and supplies if RYTECH approves of equipment that You already own. RYTECH may, at any time upon written notice, require you to purchase any or all of the equipment and/or supplies from RYTECH or any of our affiliates.

(b) RYTECH may provide You with specifications for brands and types of any equipment, fixtures, displays, exterior and interior signs and decorating accessories required for operating the Rytech Office, at Your expense. Specifications may include minimum standards for design, appearance and local zoning, sign and other restrictions. You may purchase or lease original and replacement equipment, fixtures, sign and decorating materials and services meeting the specifications from any source, as approved by RYTECH. If You propose to purchase or lease any item of equipment, fixture, sign or decorating material, or other item not previously approved by RYTECH, You must comply with the terms for our approval including paying a reasonable fee for approval.

## 5.7 Suppliers and Warranty

(a) RYTECH will give You, in the Manual or otherwise in writing, a list of names and addresses of approved or designated (sole) suppliers of goods and services. RYTECH may update the list of approved or designated suppliers from time to time. You agree that RYTECH and/or Affiliates of RYTECH may be approved or designated suppliers of goods and services and that RYTECH and/or its Affiliates may take a mark-up on goods and services it or they sell or lease to You.

(b) To the extent possible, RYTECH will pass on to You the benefit of any warranty it receives from the manufacturer of the Equipment. You acknowledge that RYTECH is not the manufacturer of the Equipment and that RYTECH does not itself provide monitoring and related services that You will provide as part of Technology Services. RYTECH ITSELF MAKES NO EXPRESS OR IMPLIED WARRANTY OF THE EQUIPMENT AND SERVICES THAT ARE PART OF TECHNOLOGY SERVICES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE. YOU AGREE TO RELY SOLELY ON THE EQUIPMENT WARRANTY GIVEN BY THE TS SUPPLIER AND TO LOOK SOLELY TO THE TS SUPPLIER FOR FULFILLMENT OF ANY EQUIPMENT AND/OR SERVICES WARRANTY. YOU AGREE THAT RYTECH HAS NO LIABILITY FOR ANY FAILURE OF THE EQUIPMENT AND/OR MONITORING OR RELATED SERVICES THAT CONSTITUTE TECHNOLOGY SERVICES.

## 5.8 Administrative Services.

(a) You must use Rytech, our affiliate or a third-party vendor we select for the performance of certain administrative services as set forth in the Operations Manual, including estimate building, national/regional account invoicing and national/regional account collections. Neither Rytech nor Rytech Admin Services assume the sole responsibility for Your bank accounts, payroll, bookkeeping and collecting payments from third parties.

(b) You must pay a monthly Administrative Fee to either RYTECH, or another of our affiliates, whichever is applicable, by the 15$^{th}$ day of the following applicable month. The Administration Fee is equal to eleven percent (11%) of your annual gross revenues and is deducted through RyPay. However, RYTECH or our affiliate may deduct all fees due by You from payments made directly into RYTECH for Your Services and Products in Your Territory.

## 5.9 Franchisee Meetings

RYTECH will, as it deems advisable, coordinate periodic meetings of Franchisees on a local, regional, and/or national basis; the meetings may, at RYTECH's option, be in person, online, electronic, via teleconference, videoconference, or such other means as RYTECH deems advisable. You are required to attend the monthly franchise calls and the annual conference. RYTECH may charge a meeting fee for any of these meetings. In addition, as provided in Section 7.2.1, *Quality Control Training*, RYTECH may charge a separate training fee for training provided

at any of these meetings. You must pay all costs associated with the attendance of meetings, including travel, lodging, meals and wages.

### 5.10 Withholding of Performance

RYTECH will perform its obligations under this Agreement if You and Your Related Parties are in Good Standing. Should You and/or Your Related Parties fail to be in Good Standing, RYTECH may, in its sole judgment, do any or all of the following until You and/or Your Related Parties fully cure the default or RYTECH terminates this Agreement: permit another franchisee or company employee to perform Services in Your Territory for Carriers and Customers; deny You access to the Intranet; remove Your Franchised Business from the Franchised Business locater page, and/or Your interior pages, on the RYTECH Website; remove Your Franchised Business from the referral list provided to Carriers and Customers. RYTECH may take any or all of these actions in addition to or instead of giving You notice of default and/or termination under this Agreement. You acknowledge and agree that RYTECH's withholding of performance services in accordance with this Section 5.10 will not constitute a breach of this Agreement and/or a defense to the enforcement by RYTECH of any provision of this Agreement, including the right to receive payment of Royalty Fees as provided in Section 6.2, *Royalty Fees and Revenue Reports*. You also acknowledge and agree that, should RYTECH choose to withhold performance rather than terminate this Agreement, RYTECH's failure to exercise its right to terminate this Agreement will in no way constitute a waiver of RYTECH's subsequent right to terminate this Agreement for the specified default or for any other default or to exercise any other remedies available to RYTECH under this Agreement, at law, or in equity.

### 5.11 No Third Party Rights

All of RYTECH's obligations arising under this Agreement are to You, and no Person, including any other franchisee, is entitled to rely on, enforce, or obtain relief for any breach of those obligations, either directly or by subrogation. Similarly, no franchisee or other Person (other than a successor or assign of RYTECH or a subrogee whose right is granted explicitly by contract (such as an insurer)) is entitled to rely on, enforce, or obtain relief for any waiver by RYTECH of any of its rights under this Agreement, either directly or by subrogation. In fulfilling its obligations to You and in conducting any activities or exercising any rights under this Agreement, RYTECH has the right to take into account, as it sees fit, the effect on, and the interests of, other Franchised Businesses and Company-owned Units and on the overall benefits to the System and the Network. You understand and agree that all of RYTECH's obligations under this Agreement are subject to this Section 5.11 and that nothing in this Section 5.11 in any way affects Your obligations under this Agreement. You further agree that You have no rights, as a third party beneficiary or otherwise, to enforce any provision of any Franchise Agreement between RYTECH and any other Franchisee.

### 5.12 Delegation

You agree that any duty or obligation imposed on RYTECH by this Agreement may be

performed by any designee, employee, or agent as RYTECH may direct.

### 5.13 Non-Uniform Agreements

You acknowledge and agree that RYTECH has previously entered into franchise agreements with other franchisees, that RYTECH may in the future enter into franchise agreements with other franchisees, and that some or all of those franchise agreements may have terms substantially different from those in this Agreement. You also acknowledge and agree that RYTECH may, in its business judgment, waive or modify comparable provisions of any of those franchise agreements in a non-uniform manner, so long as RYTECH does so on a reasonably nondiscriminatory basis.

## 6. PAYMENTS BY FRANCHISEE

### 6.1 Initial Franchise Fee

You must pay us an Initial Franchise Fee when you sign this Agreement. The initial franchise fee is $60,000 for a population between 350,000 and 400,000. After a population of 400,000 is reached, each additional person acquired shall be 20 cents per person up to a population of 500,000. We do not grant territories with a population range greater than 500,000. This fee is fully earned and non-refundable.

### 6.2 Royalty Fee and Gross Revenue Reports

On the 15th of each calendar month beginning the month following the Start Date and continuing throughout the Term, You will pay to RYTECH, through the EFT process unless the Royalty Fee has been deducted from Gross Revenues paid to RYTECH directly for Your Services and Products in Your Territory. You must pay eight percent (8%) of Your Gross Revenues or a monthly minimum royalty of $2,000 per month. The minimum royalty is waived for Your first twelve months of operation if You remain in Good Standing under this Agreement.

(i) You will pay a Royalty Fee of eight percent (8%) on Your Franchised Business's Gross Revenue for the immediately preceding calendar month. This revenue-based royalty structure is not a representation or suggestion as to what level of Gross Revenue You may, or are likely to, obtain through operation of Your Franchised Business.

(ii) RYTECH will deduct all fees due by You from payments made directly to RYTECH for Your Services and Products in Your Territory under its RyPay program. The Royalty Fees calculated from payments made directly to You must be paid to RYTECH by the fifteen day of the month following the month the Royalty Fees accrue. RYTECH may suspend dispersement to you of disputed payments pending investigation of a file.

### 6.3 Gross Revenue Reports.

If requested by Rytech, no later than the fifth day of each month following the Start Date (or on the next Business Day, if the fifth day is not a Business Day) and continuing throughout the Term,

You will transmit to RYTECH a Gross Revenue report, in the form specified by RYTECH in the Manual, itemizing Gross Revenue for the preceding month even if You owe only the Minimum Royalty Fee. The Gross Revenue report may require certain other information that RYTECH deems advisable, such as breakdown of revenue by the type of Services provided. You will transmit Gross Revenue reports via e-mail, fax or such other method of delivery that RYTECH designates in the Manual or otherwise in writing. If You fail to timely transmit the Gross Revenue report to RYTECH, RYTECH may debit from Your designated bank account by EFT on estimated Royalty Fees in an amount equal to 120% of the Royalty Fee collected for the preceding month (together with service charges, interest and Late Fees, as applicable). When You file the Gross Revenue report for the applicable period, RYTECH will, if applicable, debit Your designated bank account for any underpayment or credit any overpayment against the next Royalty Fee due. RYTECH will retain any interest on any overage that RYTECH has debited due to Your failure to timely file a Gross Revenue report. RYTECH's debiting of an estimated Royalty Fee will not constitute a waiver of RYTECH's right to collect the full amount of fees due nor of RYTECH's right to declare a default for Your failure to file the Gross Revenue report and/or timely pay Royalty Fees and other amounts due.

### 6.4 Audit

RYTECH will have the right at all reasonable times to review, inspect, audit and copy Your books and records, including Your tax returns, with respect to Your Franchised Business. If the inspection or audit discloses an underpayment of Royalty Fees or other fees or amounts payable under this Agreement, You will immediately pay these amounts to RYTECH together with accrued interest on the amount underpaid, in accordance with Section 6.6, *Interest on Late Payments*, of this Agreement. In addition, if the underpayment exceeds 3% of the total Royalty Fees payable for any period covered under the audit, You will reimburse RYTECH or its agents for all expenses actually incurred by RYTECH or its agents in connection with the audit. If You are an Entity for which separate books, records, and/or tax returns are not prepared (that is, You are a subsidiary of an Entity for which only consolidated Financial Statements are required to be prepared), You must make available for audit those books, records, schedules, tax returns, and/or work papers relating to Your assets, liabilities, and operations that RYTECH deems necessary. If you operate a business in affiliations with, connection with or otherwise complimentary to ("Franchisee Affiliated Business") Your Franchised Business, Rytech shall have the right to Audit the books for the Franchisee Affiliated Business. For example, if you operate a general contracting business under a different business entity, then Rytech has the right to Audit the general contracting business's books to the same degree as set forth above.

### 6.5 Additional Fees

In addition to the fees included in this Section 6, You must pay such other fees and costs as are described elsewhere in this Agreement.

### 6.6 Interest on Late Payments

Any payment not received by RYTECH within 30 days after payment is due will bear interest at 18% per year or at the highest rate allowed by applicable law on the date when payment is due, whichever is less, commencing the date the payment was due. Interest charges on late payments are intended to partially compensate RYTECH for loss of use of the funds, a cost which would otherwise be difficult to measure precisely. The fact that interest charges are imposed should not be construed as a waiver of RYTECH's right to timely payment or an agreement or commitment by RYTECH to extend credit to or otherwise finance Your operation of Your Franchised Business.

### 6.7 Late Fees

You will pay the Late Fee in the amount of $50 if any payment-related report and/or any payment You must make to RYTECH is not reported or made to RYTECH within two days after the date the report and/or payment was due. RYTECH may increase the amount of the Late Fee by up to $25 per year upon notice to You. Late Fees are intended to partially compensate RYTECH for administrative costs caused by late reporting and/or payment, which would otherwise be difficult to measure precisely. The fact that such charges are imposed should not be construed as a waiver of RYTECH's right to timely payment.

### 6.8 EFT Payments

(a) RYTECH may withdraw funds from Your designated bank account by EFT in the amount of the Royalty Fee and/or any other amounts due to RYTECH in accordance with this Agreement. For any other monetary obligation that You do not pay when due, RYTECH may withdraw the amount due and the Late Fee two Business Days after the amount became due in accordance with the terms of this Agreement. RYTECH may withdraw interest on any unpaid amount on a monthly basis or as otherwise provided in this Section 6.8(a).

(b) Upon execution of this Agreement, You will execute a document in the form of Attachment 3 granting to RYTECH the authority to process EFTs from Your designated bank account. From time to time at RYTECH's request, You will execute any additional documents necessary to confirm or update this authority. You will be responsible for any EFT transfer fee or similar charge imposed by Your bank and for any service charges incurred by RYTECH and/or imposed by Your bank should any EFT not be honored by Your bank for any reason.

### 6.9 Application of Payments; No Right of Set-off

RYTECH has the right to apply any payment it receives from You to any past due amount You owe to RYTECH or any of RYTECH's Related Parties or Affiliates, regardless of how You indicate the payment is to be applied. You may not, on grounds of alleged non-performance by RYTECH of its obligations under this Agreement, withhold payment of royalty fees and/or any other amounts due to RYTECH and/or its Affiliates.

**6.10 Non-Compliance Fee.**

You agree to pay RYTECH a non-compliance fee of $250 for each day that you fail to comply with any operational terms of this Franchise Agreement or the Operation Manual after a written warning is given. This provision is not a condition precedent to default and termination as set forth below.

**6.10 Rytech Training Portal.**

You agree to pay RYTECH our then-current Rytech Training Portal fee, currently of $115 per quarter for use the Rytech training portal.

**6.11 Software and Technology Fees.**

You agree to pay RYTECH, its Affiliates or third-party provider all software and technology fees required by RYTECH or an insurance carrier as set forth in the Operation Manual.

**6.12 Rebuild Fees.**

You must pay our then current Rebuild Fees for any Rebuild Services, as defined in Section 3.50, arising out of a RYTECH Service. Currently, our Rebuild Fees for Rebuild Services are 4% Royalty, 4% Administration Fee and 1% Marketing Fees. If an audit shows that there has been an underreporting of Rebuild Gross Revenues and/or Gross Receipts from Rebuild Services cannot be validated, all Gross Receipts from Rebuild Services will be subject to the Royalty Fees in Section 6.2.

## 7. YOUR OBLIGATIONS

### 7.1 Marks

7.1.1 Ownership and Use of Marks

You acknowledge the validity of the Marks and that they are the sole property of RYTECH. Your right to use the Marks derives solely from this Agreement. You may use the Marks only in the operation of Your Franchised Business and only in the manner and for the purposes permitted or specified by RYTECH in the Manual or otherwise. You may not use any other trade name or marks in connection with Your Franchised Business.

In order to protect the goodwill associated with the Marks, neither You nor any of Your Related Parties or Affiliates may use any portion of the Marks or any other confusingly similar mark, logo, trade name or reference in connection with the operation of a business that is not a Franchised Business.

7.1.2 Changes in Marks

RYTECH has invested substantial time, energy, and money in the promotion and protection

of its Marks as they exist on the Effective Date. It has no present intention of altering them. However, RYTECH recognizes that rights in intangible property such as the Marks are often difficult to establish and defend. Changes in the cultural and economic environment within which the System operates or third-party challenges to RYTECH's rights in the Marks may make changes in the Marks desirable or necessary. RYTECH therefore reserves the right to change its Marks and the specifications for each when RYTECH believes that such changes will benefit the System. You will promptly conform, at Your own expense, to any such changes. RYTECH need not reimburse You for any loss of revenue due to any modified or discontinued Mark or for Your expenses in changing to, or promoting, a modified or substitute trademark or service mark.

7.1.3 Notice of Claims Relating to Marks

You must notify RYTECH in writing within five (5) days of any apparent infringement of any Mark, any challenge to Your use of any Mark, and of any claim by any Person to any rights in any Mark. Except as RYTECH otherwise permits in writing, You must not directly or indirectly communicate with any person other than Your attorney (if a claim is brought against You) and RYTECH and its counsel in connection with any such infringement, challenge or claim. RYTECH has the sole right to determine whether any action should be taken. If any action is taken, RYTECH has the right to direct and control that action, including the conduct of an administrative proceeding or litigation or other adjudicative proceeding involving the Marks, as well as any settlement of any such proceeding or litigation. You have no right, independent of RYTECH, to make any demand against any user or challenger or to prosecute any claim of any kind or nature whatsoever relating to the Marks. You must execute any and all instruments and documents, render such assistance, and do all acts that may, in the opinion of RYTECH's counsel, be necessary or advisable to protect and maintain the interests of RYTECH and/or its Affiliates in any such litigation or administrative proceedings, or to otherwise protect and maintain the interest of RYTECH and/or its Affiliates in the Marks.

7.1.4 Goodwill: Notice of Negative Publicity

Any and all goodwill, including Carrier Information, arising from or in connection with Your use of the Marks under this Agreement and the System belongs to and inures solely to the benefit of RYTECH. To permit RYTECH to take steps to protect the goodwill associated with its Marks, You will promptly notify RYTECH in writing of any publicity (in any medium) relating to You, Your Franchised Business, any of Your Related Parties, or any other Person, that is negative or reasonably likely to damage the goodwill associated with the Marks as provided in the Manual. You, Your Related Parties, and Your employees will cooperate with RYTECH in its handling of the publicity related to the matter.

## 7.2 Quality Control

7.2.1 Training

An individual with ownership in You, as well as Your Designated Manager, if any, must

complete RYTECH's initial training, to RYTECH's satisfaction, within 60 days after execution of this Agreement pursuant to Section 5.1, *Training*.

You must pay any costs associated to third party certification or similar entities for each individual You send to the full initial training program or to the portions of that program that include certification courses.

You, as the owner of a Rytech Franchised Business, and any technician(s) employed by you must be certified by the most current IICRC training courses and adhere to the following prior to attending our Initial Training Program: ANSI /IICRC S500, Standard and Reference Guide for Professional Water Damage Restoration when performing Applied Structural Drying; ANSI/IICRC S520, Standard and Reference Guide for Professional Mold Remediation, R520 when performing Mold Remediation projects. In addition, you must adhere to the following: IICRC S100, Standard and Reference Guide for Professional Carpet Cleaning, when performing carpet cleaning; RIA Guidelines for Fire & Smoke Damage Repair; CRI (Carpet and Rug Institute) Carpet Installation Standard, when Carpet is re-installed and cushion replaced. We reserve the right to require additional certifications in the future. At Your expense, You and/or, as RYTECH requires, Your Designated Manager and/or other employees shall also attend such courses, seminars, and other training programs as RYTECH may require from time to time.

For all training other than initial training You will pay the training fee, if any, charged by RYTECH; in addition, RYTECH may also require You to pay reasonable travel expenses for the instructors. You will also pay all expenses incurred by You and/or any other person who attends any training in connection with Your Franchised Business, including the costs of transportation, lodging, meals, and any wages.

7.2.2 Beginning Operations

You must be ready to, and begin offering to, provide the Services and Products by the Start Date. You may not offer or provide Services until all of the following conditions are met:

(a) You and/or Your Designated Manager have completed initial training (including IICRC training), as required by RYTECH in accordance with Section 7.2.1, *Training*.

(b) You have at least one Marketing Representative.

(c) You have obtained insurance and provided a certificate of insurance to RYTECH, all as required by Section 7.6, *Insurance*.

(d) You have complied with all licensure requirements for Your Franchised Business and provided a copy of any required license to RYTECH.

(e) You and all required personnel successfully complete all certification training that is required.

(f) Obtain full-size van that properly displays the Identity (i.e., van wrap).

(g) Any other reasonable requirements set forth by RYTECH.

7.2.3 Office

Your Office must be in Your Territory. You may open Additional Offices within Your Territory but may not open an Additional Office in any Open Territory without our prior written consent. Upon the loss of the Open Territory serviced by you, you must immediately close any office we have previously permitted. You may commence operations with Your Office in Your home if Your home is in Your Territory. You must ensure that RYTECH at all times has the current address and telephone number of Your Office(s); if You relocate Your Office(s), You must advise RYTECH of the planned relocation/closure and, for a relocation, the new address and telephone number, at least five days before You relocate/close. If Your Office is not in Your home, You may not use the premises of Your Office(s) for any purpose other than the operation of Your Franchised Business. The furniture, fixtures, and decor of Your Office(s) must at all times be professional, clean, and in good condition. If RYTECH notifies You that, in its reasonable judgment, the condition or site of Your Office(s) materially damages the goodwill associated with the Marks, You must relocate Your Office(s) within 60 days and provide RYTECH with the new address of Your Office(s). You may not at any time use a post office box or similar mail address service as Your Franchised Business's address to meet the requirement that Your Office be in Your Territory.

7.2.4 Compliance with Manual

You acknowledge and agree that the requirements imposed by this Agreement and by the Manual are necessary to promote high and uniform standards of quality of Services and Products provided by franchisees and to promote and maintain the goodwill associated with the Marks, the System, and the Network. You must operate Your Franchised Business in complete compliance with the Standards. RYTECH may make changes in the Standards when, in RYTECH's sole judgment, change is needed for the continued success and development of the System, including new products, services, and/or new or modified techniques. Those changes may necessitate the purchase of software, equipment, supplies, furnishings, or other goods, completion of additional training by You or Your employees, or other cost to You. RYTECH may advise You of changes to the Manual via any medium, including e-mail, posting on the RYTECH Intranet, or notice in an electronic newsletter. You must promptly conform to the modified Standards at Your own expense. If there is any dispute as to the requirements of the Manual at any point in time, the terms of the master copy of the Manual maintained by RYTECH (regardless of format or medium) will control. RYTECH may determine Your compliance with Standards as provided in Sections 7.2.7. *Customer Service Program* and/or 7.2.9 *Inspections and Quality Assurance* or by any other means.

7.2.5 Services and Products Offered

You may offer and provide to Your Carriers and Customers only the Services that RYTECH has authorized You to provide and only under the Marks. You must obtain any required licenses. You must offer and provide all Core Services as defined by RYTECH.

Upon RYTECH's express written authorization and consent, which it may withhold in its

sole judgment, as approved in writing by RYTECH and any related documents required by RYTECH, You may also provide those Additional Services described in the Additional Services Addendum. In addition, You may also provide such ancillary services as RYTECH may approve in the Manual. As RYTECH develops and modifies the System, RYTECH may designate in the Manual as Core Services new Services related to the System and/or certain Services that were formerly Additional Services, and You agree that You will offer and provide those Core Services within 90 days following RYTECH's notice of designation of new Core Services, or such longer time period as RYTECH may permit. You may offer and/or provide absolutely no other services in connection with Your Franchised Business. You may not provide Services through an Independent Contractor or any Person other than an employee.

You may offer, sell, and/or lease under the Marks only the Products and Equipment that RYTECH has approved for You to offer, sell, and/or lease.

7.2.6 Sourcing

(a) You acknowledge that RYTECH is, at the time of execution of this Agreement, the designated supplier of the Initial Equipment Package. Unless otherwise approved by RYTECH in writing, You must purchase all of the Initial Equipment Package from RYTECH. RYTECH can designate any third party to provide the Initial Equipment Package to You.

(b) RYTECH may limit the number of approved suppliers, designate sole sources that You must use for some or all items or services, and/or refuse to give You permission to use other suppliers if RYTECH believes that this action is in the best interests of the Network. RYTECH has the unlimited right to approve or disapprove the suppliers that may be permitted to sell products or services to You and may at any time withdraw its designation or approval of a supplier. RYTECH and/or its Affiliates may be approved or designated suppliers to You and they may, and have the right to, realize a profit on any items or services they supply to You. If RYTECH designates any approved or sole suppliers, You must use those suppliers.

(c) Aside from Initial Equipment Package (which must be purchased from RYTECH or, if it permits, its designated supplier), if You would like to use in Your Franchised Business any item (regardless of whether it would bear the Marks) or any service that You desire to purchase from a supplier not previously approved by RYTECH, You must obtain RYTECH's prior written consent and, upon RYTECH's request, give RYTECH the supplier's contact information. Within a reasonable time (not to exceed 30 days), RYTECH will communicate to You and, as it deems appropriate, the supplier, either RYTECH's approval or its reasons for withholding its approval. RYTECH's silence may not be construed as consent. As a condition of approving a supplier of any product that bears the Marks, RYTECH may require that the supplier execute RYTECH's license agreement for those purposes.

(d) RYTECH has the right to appoint a single manufacturer, distributor, reseller, and/or other vendor for any particular item or service, including RYTECH and its Affiliates. In particular, and without limiting the foregoing, RYTECH may, at its sole option, establish one or more strategic alliances or preferred vendor programs with one or more national or regional suppliers

for some or all of the items and/or services that RYTECH requires or recommends for use by, or in connection with operations of, Franchised Businesses. RYTECH makes no representation or warranty that these alliances or programs will provide any specific Franchised Business with the lowest cost items or services available to that Franchised Business or that any individual Franchised Business will benefit proportionately from any such alliance or arrangements.

(e) If RYTECH identifies specifications for items or services in connection with Your Franchised Business, You must purchase only items or services that meet those specifications.

(f) RYTECH has the right to collect Allowances offered by suppliers to RYTECH based on Your purchases of products and other goods and services but RYTECH must either, at its option, apply the Allowances to reducing costs of goods and services to all franchisees as a group or contribute the Allowances to the National Ad Fund. The following types of Allowances are not subject to the requirement of the preceding sentence and may be retained or used by RYTECH in its sole judgment: (i) meals or other events sponsored by suppliers at meetings of franchisees; and (ii) complimentary or upgraded rooms and similar concessions provided by a meeting facility for RYTECH staff at meetings of Franchisees.

(g) RYTECH EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF THE GOODS OR SERVICES SOLD BY THE SUPPLIERS, INCLUDING, WITHOUT LIMITATION, EXPRESSED OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. YOU AGREE TO LOOK SOLELY TO THE MANUFACTURER OF GOODS OR THE SUPPLIER OF SERVICES FOR THE REMEDY FOR ANY DEFECT IN THE GOODS OR SERVICES.

### 7.2.7 Customer Satisfaction Program

All of Your Franchised Business's dealings with Carriers and Customers should adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Your Franchised Business must at all times give prompt and courteous service to Carrier representatives, Customers and Rytech administrative service employees and shall respond timely to inquiries and requests for service from prospective Carriers and Customers as required by the Standards. RYTECH may at any time contact and/or survey Your past and present Carrier representative, claims adjustors and Customers to assess Your Franchised Business's performance. If Your Franchised Business's scores from the surveys or contacts do not meet the then-effective Standards, as described in the Manual, RYTECH may suggest ways in which You can improve the scores. You must take immediate, effective steps to bring Your Franchised Business's operation up to the Standards. You must obtain customer service reviews on all of you completed jobs in the manner and timeframe set forth in the Operations Manual.

### 7.2.8 Required Computer and Technology Systems

You must purchase or lease and maintain computer and technology hardware and software systems (including data collection software and other online data collection tools, web-based

programs, and software technology platforms, including the hardware necessary for their proper functioning) according to specifications and/or from approved or designated suppliers (including RYTECH and/or its Affiliates), as provided in the Manual or otherwise in writing. The required systems may include, among other things, the use of remote servers and/or web-based programs, off-site electronic information storage, and DSL or other high-speed internet connections, and may include the capability for remote access and information retrieval by RYTECH. RYTECH may also require You to maintain a dedicated high-speed internet service or connection or other communication means for remote access and information retrieval by RYTECH, as RYTECH may specify from time to time in the Manual or otherwise in writing. You must acquire, install, and use the computer and technology hardware and software systems prescribed by RYTECH, including any required upgrades of software and/or hardware, and must execute any licensing agreements with developers or manufacturers of computer and technology hardware and/or software required by RYTECH. You must maintain the hardware and software at Your own expense.

Although RYTECH cannot estimate the future costs of any computer and/or technology systems or required service or support, and although these costs may not be fully amortizable over this Agreement's remaining term, You agree, within the time period RYTECH specifies, to incur the costs to acquire and install all hardware, software, and peripherals (including all upgrades that RYTECH may require), install all communication facilities, contract for all required support and maintenance, and meet all other requirements RYTECH may specify. If RYTECH implements a software technology platform of any kind, then You must acquire, install, and implement it within the time period RYTECH specifies.

RYTECH, its Affiliates and/or Related Parties may condition any license of proprietary software to You, or Your use of technology that RYTECH, its Affiliates and/or Related Parties develop or maintain, on Your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging Your consent to, and accepting, the terms of a click-through or a shrink-wrapped license agreement) that RYTECH, its Affiliates and/or Related Parties prescribe to regulate Your use of, and RYTECH's, its Affiliates', and/or Related Parties' and Your respective rights and responsibilities with respect to, the software or technology. If RYTECH implements one or more proprietary software technology and/or data warehousing technology platforms that we support. We have the right to require You to pay RYTECH a reasonable monthly amount we establish each year per platform for the cost of providing technical support and of developing, maintaining, and supporting the technology platforms.

Despite Your agreement to buy, use, and maintain required software, hardware, and/or technology platforms according to RYTECH's direction You will have sole and complete responsibility for, at Your expense: (1) acquiring, operating, maintaining, and upgrading the hardware/software/technology platform; (2) assuring that the specified software, hardware, and/or technology platform interfaces at RYTECH's required levels of connection speed with RYTECH's and/or any designated third party's computer or technology system; and (3) any and all

consequences to Your Franchised Business if You do not properly operate, maintain, upgrade, and/or replace any specified software, hardware, and/or technology platform.

RYTECH may have access to information about Your Franchised Business and its operations (including Carrier and Customer Information) through software (including technology platforms and/or web-based programs) and hardware RYTECH may require You to use. RYTECH may access and download this information as often as it deems appropriate (including daily), access your estimating programs, by way of example Xactimate, and any other technology platform RYTECH deems necessary. You agree to deliver to RYTECH such information upon demand, including alternative accessing should the technology platform become unavailable.

If any equipment, software, or computer system You use provides for electronic, online or similar remote monitoring capability, You shall, at RYTECH's request, permit RYTECH to monitor and download all information/data the equipment provides and to use the information for any lawful purposes RYTECH deems advisable. RYTECH may access information on any web-based programs it specifies that You use (including those relating to Technology Services and Equipment) and RYTECH may use that information for any lawful purpose. RYTECH may compile and share with other franchisees and/or prospective franchisees information You provide or RYTECH accesses. You acknowledge that federal law requires that RYTECH provide substantiating data for any financial performance representation it may make in connection with sales of franchises and that identifying information about Your Franchised Business may be provided to prospective franchisees. Nothing in this paragraph prevents RYTECH from using or transferring Carrier or Customer Information (which belongs to RYTECH) in any way it deems advisable, subject to applicable law.

7.2.9 Inspections and Quality Assurance

RYTECH will conduct periodic quality control inspections of Your Franchised Business during normal business hours. Quality control inspections may be made with or without prior notice and may be made by third parties. You and Your employees will also cooperate fully with RYTECH if it wishes to inspect Your employees' performance to determine if Service performance meets the Standards. In addition, RYTECH may use such other means as it deems advisable to assure itself that You are operating Your Franchised Business in accordance with the Standards. You must promptly correct any deficiencies in Your operation of which RYTECH advises You. You must take immediate, effective steps to bring Your operation up to the Standards.

7.2.10 Data Transmission

You must sign up and maintain to the data transmission service set forth in the Manual. RYTECH currently uses Mobile Information Collaboration Application (MICA) by BuildFusion to transmit data real time from the job site to Rytech Administration Center. You agree to pay all fees We assess for the use of the data transmission service. The Company reserves the right to move to another platform, or add an additional platform, which may result in an increase in the

upload fees. Company will give 30 days' written notice of any changes.

Some third-party vendors require the use of the industry software, Xactimate. If You wish to service these vendors, You will need to purchase the required software, which is currently $125 per month, including all upgrades.

### 7.3 Management

You or Your Designated Manager, if You have one, must devote all of Your or his or her productive time and effort required and necessary for the productive and successful management and operation of Your Franchised Business and to the promotion of Services within Your Territory unless You first obtain our prior written approval. Your Franchised Business must be supervised by an individual who has completed the initial training program to RYTECH's reasonable satisfaction. For each Office that You operate, You must employ a separate Designated Manager; however, overall supervision of each Franchised Business must be provided by You (if You are an individual) or a Related Party who holds more than a 10% Beneficial Ownership interest in You.

You must keep RYTECH informed as to the identity of Your Designated Manager. Upon the termination of employment of a Designated Manager required by this Agreement, You must appoint a successor within 60 days. Any successor Designated Manager must successfully complete the initial training program conducted by RYTECH no later than six months after being hired.

### 7.4 Employees

You must maintain at all times a staff of trained employees sufficient to operate Your Franchised Business in compliance with the Standards, as provided in the Manual. You are solely responsible for, and You shall make clear to Your employees that You (and not RYTECH) are responsible for, all decisions relating to Your employees, including hiring, firing, retention, promotion, wages, and benefits. You must conduct background checks and drug tests as specified in the Manual, on each person working for Your Franchised Business.

After six months of operation, You must maintain at all times a Marketing Representative. The Marketing Representative must meet the requirements as set forth in the Manual.

### 7.5 Financial. Operational and Other Information

#### 7.5.1 Financial Records

You must maintain the financial books and records of Your Franchised Business in the manner RYTECH directs and retain these records, and all Customer Agreements, for at least seven years. You must retain Customer records as required by applicable law, and You must maintain other records, including caregiver and employment records, as required by applicable law.

7.5.2 Financial Reports

(a) You must prepare and submit all reports and Financial Statements in the form and at the times specified in this Agreement or in the Manual.
(b) You must submit to RYTECH, within 30 days after filing, copies of each of Your federal and state income tax returns or, if You are an individual franchisee, the business portion of Your federal income tax returns. RYTECH will use this data to, among other things, confirm that You are complying with Your obligations under this Agreement and to formulate earnings, revenue and expense information to disclose to current and prospective franchisees.
(c) Within 120 days after the end of each fiscal year during the Term, You will provide RYTECH a complete set of Your Financial Statements as of the end of the fiscal year and for the year then ended. These Financial Statements need not be audited, although any Financial Statements must be prepared in accordance with generally accepted accounting principles, consistently applied, and certified as true, complete and correct by You or Your Chief Financial Officer.
(d) You will submit to RYTECH, within 20 days after the end of each Fiscal Quarter during the Term, Your profit and loss statement for the preceding Fiscal Quarter. Each such statement must be in the form prescribed by RYTECH and may be unaudited, but must be certified as true, complete and correct by You or Your Chief Financial Officer.
(e) You will submit to RYTECH the Gross Revenue report in a form required by RYTECH.
(f) If You are an Entity for which separate Financial Statements and/or tax returns are not required to be prepared (for example, You are a subsidiary of an Entity for which only consolidated Financial Statements must be prepared or tax returns must be filed), You shall provide to RYTECH those books, records, separate tax schedules and/or work papers relating to Your assets, liabilities, and operations as RYTECH may reasonably request.
(g) If You operate another business that is collateral to the RYTECH franchised business, you must provide RYTECH with a copy of your Financial Statements and Tax Returns upon written request by RYTECH. For example, if you operate a general contracting business, you must provide RYTECH with a copy of your Financial Statements and Tax Returns for the general contracting business upon request.

7.5.3 Operational Reports and Information

You must send RYTECH duplicate copies of operational reports and other information as set in the Operations Manual. Upon reasonable notice from RYTECH, You will submit to, or make available for inspection by, RYTECH such other information and reports relating to operations of Your Franchised Business as RYTECH may require in order to assure Your compliance with Standards and the terms of this Agreement, including information related to referral sources, marketing and advertising, and Customer Information. Within five days after You receive them, You will provide RYTECH with a copy of any survey of Your operations conducted by any governmental licensing or oversight agency and/or industry group.

7.5.4 Other Reports and Information

Upon reasonable notice from RYTECH, You will submit to, or make available for inspection by, RYTECH such other information and reports as RYTECH may reasonably request. You will inform RYTECH in writing of any changes to Beneficial Ownership in You or in the Franchised Business as they occur. In addition, You will provide current, updated Beneficial Ownership information upon RYTECH's request. You will provide all reports, data, and other information required or requested by RYTECH under this Agreement in the format that RYTECH requires.

## 7.6 Insurance

Before beginning operations, You must obtain, and maintain throughout the Term, certain minimum insurance coverage we require.:

Our current insurance requirements are as follows:

General Liability:

- $1,000,000 limit Each Occurrence / $2,000,000 Aggregate
- Occurrence policy – ISO CG0001 most recently approved version or equivalent
- Deductibles may not exceed $10,000 and must be listed on COI
- Ensure Coverage includes:
  - ✓ Premises & Operations Liability
  - ✓ Primary & Non-Contributory Coverage
  - ✓ Ongoing and Completed Operations Coverage
  - ✓ Contractual Liability with no employee exclusion
  - ✓ Waiver of Subrogation
- No exclusions/restrictions are allowed for:
  - ✓ Claims from additions or remodeling projects; Residential or habitation; Coverage for work performed by subcontractors

Auto Liability:

- $1,000,000 Combined Single Limit of liability per occurrence
- "ANY AUTO", OR BOTH "HIRED AUTOS" and "NON-OWNED AUTOS" Coverage
- Deductibles may not exceed $10,000 and must be listed on COI

Workers Compensation & Employers Liability:

- Workers' Compensation is required per State statutory minimum limits
- Employer's Liability limits of $1,000,000
- Deductibles may not exceed $10,000 and must be listed on COI

Contractor Pollution Liability (CPL), including mold:

- $1,000,000 Liability limit Each Pollution Event
- Ensure Coverage includes:
  - ✓ Mold and Bacteria Coverage – No Sub Limits
  - ✓ Primary & Non-Contributory Coverage
  - ✓ Ongoing and Completed Operations Coverage

- ✓ Products and Completed Operations Liability
- ✓ Contractual Liability with no employee exclusion
- ✓ Transportation of hazardous materials

- No exclusions/restrictions are allowed for:
  - ✓ Losses related to mold, bacteria, lead, silica, asbestos, or contaminated drywall; Claims from additions or remodeling projects; Residential or habitation; Coverage for work performed by subcontractors; Impaired Property

Bailees:

- $250,000 minimum limit for personal property of others in your care, custody or control.
- "In Transit" Limit must be noted on the Insurance Certificate.
- Can be covered under the liability policy.

Umbrella/Excess Liability (Recommended):

- $1,000,000 limit Each Occurrence / $2,000,000 Aggregate

(a) Any other insurance that may be required by the statutes or other laws of the state, and any local governmental entity in which the Rytech Office is located and operated, or any insurer-client program, Third-Party Administrated (TPA) program, Managed Vendor Program, or other programs in which Franchise Owner may participate.

**All insurance (except for the worker's compensation insurance) must name RYTECH, RyBrands, Inc., Rytech Admin Services and "any other company who hires franchisee to perform work on their behalf" as an additional insured**. Insurances must be obtained from an "A" or better rated insurance company registered in the jurisdiction or jurisdictions that include any part of Your Territory and any Open Area in which You provide Services or sell or lease Products. RYTECH may increase the amounts of coverage required under those insurance policies and require different or additional kinds of insurance at any time, to reflect inflation, additional types of risks identified, or other changes in circumstance, by including the new requirements in the Manual. Each insurance policy required under this Agreement must contain a provision that the policy cannot be canceled without at least ten days written notice to RYTECH. You must deliver a certificate of the issuing insurance company evidencing each policy to RYTECH within ten days after the policy is issued or renewed. If You fail to provide the required insurance coverages upon written notice to You by RYTECH, RYTECH may, but need not, obtain insurance policies sufficient to meet the minimum requirements set forth in the Manual and You must promptly reimburse RYTECH for the cost of the insurance premiums and any administrative costs or expenses related to RYTECH's obtaining the insurance.

We reserve the right to modify the insurance requirements throughout the Term.

The insurance RYTECH requires is for its own protection. You should consult with Your own insurance agents, brokers, and attorneys to determine what types of coverages and what level of insurance protection You may need or desire, in addition to the coverages and minimum limits specified by RYTECH.

## 7.7 Financial and Legal Responsibility and Notice

### 7.7.1 Compliance with Law

You must comply with all federal, state, and local laws and regulations pertaining, directly or indirectly, to Your Franchised Business. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with the operation of Your Franchised Business. Upon request by RYTECH, You must certify in writing to RYTECH or, as applicable, provide evidence that You have complied with the requirements of this Section 7.7.1. RYTECH shall not be responsible for any non-compliance with federal, state and local laws and regulations pertaining to Your operation of Your Franchised Business.

### 7.7.2 Payment of Indebtedness

You must pay promptly when due all taxes and debts that You incur in the conduct of Your Franchised Business.

### 7.7.3 Notice of Litigation

You must notify RYTECH in writing within five days if You are served with a complaint in any legal proceeding that is in any way related to Your Franchised Business (including any claim by a third party of trademark or copyright infringement) or if You become aware that You are the subject of any complaint to or investigation by a governmental licensing authority or consumer protection agency.

You must notify RYTECH in writing within 5 days after the commencement of any legal action that may adversely affect the operation or financial condition of You or of the Franchised Business.

## 7.8 Anti-Terrorism and Anti-Corruption Laws

You represent and warrant to RYTECH that neither You nor any of Your Related Parties or employees: (i) are identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts available at www.treas.gov/offices/enforcement/ofac/: or (ii) have violated any law (in effect now or which may become effective in the future) prohibiting corrupt business practices, money laundering or the aid or support of persons or entities who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act, as amended (text available at http://www.epic.org/privacv/terrorism/hr3162.html). U.S. Executive Order 13224 (text athttp://www.treasury.gov/resource-center/sanctions/Documents/), or similar law. You agree that neither You nor any of Your Related Parties will violate any such laws. The foregoing constitute continuing representations and warranties, and You must notify RYTECH immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading. Your indemnification obligations under Section 9.5 of this Agreement pertain to Your warranties, representations, and

obligations under this Section 7.8. It is Your responsibility to ascertain what actions You must take to comply with the referenced laws.

### 7.9 Confidential Information

(a) You and Your Related Parties acknowledge that RYTECH has developed the Confidential Information over time and at great expense, that the Confidential Information provides a competitive advantage to You, and that having access to the Confidential Information is one of the primary reasons why You have entered into this Agreement. You and Your Related Parties acknowledge and agree that the covenants in this Section 9 are reasonable and necessary to protect the legitimate business interests of RYTECH with respect to the Confidential Information.

(b) Neither You nor any of Your Related Parties will, during the Term or afterward, communicate or divulge to, or use for the benefit of, any Person nor, following the Termination of this Agreement, use for Your and/or their own benefit, any Confidential Information that may be communicated to You or any of Your Related Parties or of which You may be apprised under this Agreement. You and Your Related Parties will disclose such Confidential Information only to such of Your employees as have a need to know such information to perform their assigned duties properly. You and Your Related Parties will take reasonable steps to prevent misuse or disclosure of Confidential Information, including protection of any password and/or electronic key or other device necessary to access Confidential Information and/or the RYTECH Intranet. Neither You any of Your Related Parties will at any time copy, duplicate, record, or otherwise reproduce any Confidential Information or make it available to any unauthorized Person.

The covenants in this Section 7.9 will survive the Termination or Transfer of this Agreement or an interest in You or any Related Party and will be perpetually binding upon You and each of the Related Parties.

Each of Your Related Parties must execute and bind themselves to the confidentiality and noncompetition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete that forms Attachment 5 to this Agreement or such other form of agreement that RYTECH may use when the Person becomes a Related Party. If You are an Entity or any Related Party is an Entity, all of Your and their officers, directors, members, and partners, as applicable, must sign a Confidentiality Agreement and Ancillary Covenants not to Compete in the form that RYTECH uses when the Person assumes that office or relationship. You will also require that all of Your employees who will receive or have access to Confidential Information execute and bind themselves to confidentiality and noncompetition covenants in the form RYTECH specifies, and You will make those covenants available to RYTECH upon its request.

You must notify RYTECH in writing within five (5) days of any unauthorized use or disclosure of Confidential Information and/or other intellectual property belonging to RYTECH and of any claim by any Person to any rights in any Confidential Information, copyright, or other intellectual property belonging to RYTECH. Except as RYTECH otherwise permits in writing, You must not directly or indirectly communicate with any person other than Your attorney (if a

claim is brought against You) and RYTECH and its counsel in connection with any claim of such rights. RYTECH has the sole right to determine whether any legal action should be taken, and, if any action is taken, RYTECH has the right to direct and control any such action, including the conduct of an administrative proceeding or litigation or other adjudicative proceeding involving the Confidential Information, copyright, or other intellectual property, as well as any settlement of any such proceeding or litigation. You have no right, independent of RYTECH, to make any demand against any such user or challenger or to prosecute any claim of any kind or nature whatsoever relating to the Confidential Information, copyright, and/or intellectual property. You must execute any and all instruments and documents, render such assistance, and do all acts that may, in the opinion of RYTECH's counsel, be necessary or advisable to protect and maintain the interests of RYTECH and its Affiliates in any such litigation or administrative proceedings, or to otherwise protect and maintain the interest of RYTECH and/or its Affiliates in the Confidential Information, copyright, and/or other intellectual property. Nothing in this Section 7.9(d) prohibits You from taking disciplinary or other action against any Related Party or employee of Yours who makes unauthorized use or disclosure of Confidential Information.

### 7.10 Attendance at Meetings

Each year You must attend no fewer than two (2) of the following meetings of franchisees convened by RYTECH: national, state or regional, and local meetings, and local or regional advertising co-op meetings. The meetings may, at RYTECH's option, be in person, online, electronic, via teleconference, videoconference, or such other means as RYTECH deems advisable, You are responsible for travel and living expenses for the attendees from Your Franchised Business at any meeting. RYTECH reserves the right to waive this requirement if there are circumstances beyond Your control, e.g., spike in business volume due to a weather event, etc., You must request the waiver in writing. Notwithstanding the above, You are required to attend, at Your expense, the annual owners conference, operational managers meetings and monthly operations calls.

### 7.11 Covenants Against Competition

You and Your Related Parties specifically acknowledge that You and Your Related Parties will receive valuable training and Confidential Information that are beyond the present skills and experience of You and Your Related Parties and Your managers and employees. You and Your Related Parties acknowledge that this training and Confidential Information provide a competitive advantage and will be valuable in operating and developing Your Franchised Business. In consideration for the training and access to Confidential Information, You and Your Related Parties covenant as follows:

(a) Except as otherwise approved in writing by RYTECH, You will not (during the Term), and each of the Related Parties will not (during the portion of the Term that each satisfies the definition of a Related Party), either directly or indirectly, for Yourself and/or any of the Related Parties, or through, on behalf of, or in conjunction with any Person:

(i) Divert, or attempt to divert, any business, Carrier and/or Customer to any competitor of any Franchised Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

(ii) Employ, or seek to employ, any Carrier representative; or

(iii) Own, maintain, operate, engage in, or have any financial or beneficial interest in any Competitive Business that is located, or that offers and/or provides services, in any country, province, state, or geographic area in which RYTECH has used, sought registration of, or registered the Marks, and/or RYTECH operates or licenses others to operate a business under the Marks (including the state where Your Franchised Business is located).

(b) For a continuous uninterrupted period of two years beginning with the Commencement Date, neither You nor any of Your Related Parties will, either directly or indirectly, for Yourself and/or for any of the Related Parties, or through, on behalf of or in conjunction with any Person:

(i) Divert, or attempt to divert, any business, Carrier and/or Customer to any competitor of any Franchised Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

(ii) Employ, or seek to employ, any Carrier representative; or

(iii) Own, maintain, operate, engage in, advertise, advise, assist, or make loans to, or have any financial or beneficial interest in any Competitive Business that is, or is intended to be, located in, or that offers and/or provides services in, or is intended to offer and/or provide services in any of the following geographic areas:

a. Your Territory;
b. Within 10 miles from the border of Your Territory;
c. Within, or within 10 miles of, the Territory under any other RYTECH business, whether franchised or company-owned, in effect on the Commencement Date; and/or
d. Within, or within 10 miles of the territory agreed upon in connection with a deposit agreement for a Franchised Business that has been signed as of the Commencement Date.

(c) You and Your Related Parties acknowledge that, during the Term, You will have operated under the Marks and that Carriers and Customers will have sought Services and Products from Your Franchised Business as a result of their recognition of, and the goodwill associated with, the Marks. You also acknowledge that any and all Carrier Information and Customer Information and other carrier-related or customer-related information belong to RYTECH as a result of their having been developed under the Marks and as part of the

goodwill associated with the Marks. Accordingly, for a continuous uninterrupted period of two years beginning with the Commencement Date, neither You nor any of Your Related Parties will, either directly or indirectly, for Yourselves or through, on behalf of or in conjunction with any Person, contact or solicit (i) any former Carrier, Carrier representative or Insurance Adjuster for the purpose of providing or offering to provide any service identical or similar to any Core Services or Additional Services provided by any Franchised Business and/or to sell or lease any personal care technology equipment, and/or (ii) any referral source with which You and/or a Related Party had contact during the Term, for the purpose of obtaining a referral for the provision of any service identical or similar to any Core Services or Additional Services provided by Your Franchised Business and/or to sell or lease any Equipment.

(d) Sections 7.11(a)(iii) and (b) do not apply to ownership of five percent (5%) or less of stock in a publicly-held corporation, as that term is defined by the U.S. Securities and Exchange Commission, or to ownership by You and/or Your Related Parties of another Franchised Business.

(e) The lengths of time in Sections 7.11(b) and Sections 7.11(c) will be tolled for any period during which You, or the applicable Person against whom enforcement of those provisions is sought, are in breach of the covenants or any other period during which RYTECH seeks to enforce this Agreement.

(f) You and Your Related Parties acknowledge and agree that each of the covenants contained in this Section 7.11 is a reasonable limitation as to time, geographical area, and scope of activity to be restrained and does not impose a greater restraint than is necessary to protect the goodwill or other business interests of RYTECH. You and Your Related Parties also agree that each possesses skills and abilities of a general nature and has other opportunities to exploit those skills, and that enforcement of the covenants in this Section 7.11 will not deprive him or her of the ability to earn a living. Each of the above covenants will be construed as independent of any other covenant or provision of this Agreement. If any portion of a covenant in this Section 7.11 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a non-appealable decision to which RYTECH is a party, You and Your Related Parties expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 7.11.

(g) You and Your Related Parties acknowledge that RYTECH will have the right, at its sole option, to reduce the scope of any covenant set forth in this Section 7.11, without Your or their consent, effective immediately upon notice to You. You and Your Related Parties agree that You and they will immediately comply with any covenant as so modified, which will be fully enforceable notwithstanding any other provisions of this Agreement.

(h) You and Your Related Parties expressly agree that the existence of any claims You and/or they may have against RYTECH, whether or not arising from this Agreement, will not constitute a defense to the enforcement by RYTECH of the covenants in this Section 7.11. You and Your Related Parties agree to pay all costs and expenses (including reasonable attorneys' fees and costs) incurred by RYTECH in connection with the enforcement of this Section 7.11.

(i) You and Your Related Parties acknowledge that a violation of this Section 7.11 would result in irreparable injury to RYTECH for which no adequate remedy at law may be available, and You and Your Related Parties accordingly consent to the issuance of an injunction prohibiting any conduct by You and/or Your Related Parties in violation of the terms of this Section 7.11. You and Your Related Parties agree to pay all court costs and reasonable legal fees incurred by RYTECH in obtaining specific performance, injunctive relief, or any other remedy available to RYTECH for any violation of the requirements of this Section 7.11.

### 7.12 Other Obligations

You agree to fulfill all other obligations required under this Agreement and the other documents and agreements referred to in it.

## 8. ADVERTISING, BRANDING, AND INTERNET

### 8.1 National Ad Fund

(a) RYTECH has the right to establish the National Ad Fund at a time determined by RYTECH, to promote the goodwill and public image of the System, Network, and Marks and to develop brand enhancement programs and materials as RYTECH deems appropriate. "Brand enhancement" includes advertising, marketing, promotions, public relations, account management, consulting services, lobbying efforts, carrier meetings, conferences and other brand development activities and materials designed to promote the goodwill and public image of the System, Network, and Marks.

(b) Once RYTECH establishes the National Ad Fund, You must make monthly contributions to it, based on Your monthly Gross Revenue. RYTECH may change the percentage contribution every two years. In any case, Your contribution will be no less than 1% of Your monthly Gross Revenue and no more than 3% of Your monthly Gross Revenue. You will make the monthly contribution to the National Ad Fund via RyPay or by EFT, as the case may be. For any Company-owned Units, RYTECH will contribute to the National Ad Fund on the same basis as Franchised Businesses, including any reduction in the contribution percentage for Franchised Businesses.

(c) RYTECH will determine the content and the format of all brand enhancement activities by the National Ad Fund, the creative concepts, materials, content, and endorsements used in these activities, and the geographic, market, and media placement and allocation of all brand enhancement activities of the National Ad Fund. RYTECH may use any form of media for any brand enhancement activities it authorizes. RYTECH may use any part of the National Ad Fund to pay for anything whose sole purpose is the marketing of franchises. You acknowledge that National Ad Fund may pay for media, materials and programs, including one or more consumer-oriented System Websites that may contain information about and/or support franchising opportunities and sales. RYTECH may use the National Ad Fund (including any interest that may accrue on National Ad Fund contributions) to fund or pay:

(i) The costs of designing, conducting, and administering local, regional, and/or national public relations projects and events intended to enhance the goodwill and public image of the System, Network, and Marks, including participation in and/or joint public relations projects with RYTECH Affiliates and/or others;

(ii) The costs of market research, including third party customer satisfaction surveys, branding studies, and similar programs;

(iii) The costs of preparing, producing, and placing brand enhancement materials in any medium (video, audio, written, electronically-disseminated materials or other medium), including direct mail and Internet advertising;

(iv) The costs of employing advertising, public relations agencies, consultants, lobbyists and/or other advisors;

(v) The costs of purchasing promotional items;

(vi) The costs of dues for RYTECH's membership and participation in industry-related trade associations;

(vii) The costs of designing and administering local, regional, or national brand enhancement programs and activities, including purchasing media advertising;

(viii) The costs of obtaining sponsorships and endorsements, and developing alliances, marketing and sales promotions, provider relationships, lobbying efforts, carrier meetings, conferences, account management, carrier management, national account management, and any activities or programs that enhances the RYTECH;

(ix) The costs of establishing, designing, maintaining, updating, and upgrading one or more consumer-oriented System Websites, including hosting, maintenance, web-optimization, search engines, and similar costs;

(x) The costs of collection for delinquent National Ad Fund contributions, including the costs of collection agencies and legal costs (including attorney fees) to pursue collection;

(xi) Such reasonable salary costs of RYTECH's employees, and such administrative and overhead costs as RYTECH may incur, in activities reasonably related to the administration of the National Ad Fund and its brand enhancement programs and activities (including agency fees, legal fees, travel expenses, preparing or procuring market studies, preparing brand enhancement materials, and collecting and accounting for contributions to the Fund, and preparing for and assisting in an independent audit of the Advertising Fund

annually);

(xii) Carrier Sales and Marketing, Sales Personnel, Conferences, Sponsorships, Booth space, banners, print and digital media and other similar programs; and

(xii) Such other brand enhancement activities as RYTECH deems advisable.

You agree that the National Ad Fund may pay Affiliates of RYTECH for their provision of any services or products in connection with the activities and operations listed above.

(d) RYTECH may use collection agents and bring legal proceedings at the National Ad Fund's expense to collect National Ad Fund contributions. RYTECH may forgive, waive, settle, and compromise all claims by or against the National Ad Fund, including, in its sole judgment, claims involving individual Franchised Businesses. RYTECH assumes no other direct or indirect liability or obligation to You for collecting amounts due to, maintaining, directing, or administering the National Ad Fund.

(e) RYTECH may administer the National Ad Fund as a segregated fund or it may cause the National Ad Fund to be incorporated or operated through an entity separate from RYTECH when RYTECH deems it appropriate. Any such successor entity will have all of RYTECH's rights and duties. You agree that, regardless of the legal form the National Ad Fund takes, the National Ad Fund will not be deemed a trust and that RYTECH has no fiduciary obligation to You with respect to the National Ad Fund. Within ninety (90) days after the close of RYTECH's fiscal year, RYTECH will prepare an unaudited statement of contributions to and expenditures by the National Ad Fund during that fiscal year. RYTECH will furnish that annual statement to You upon Your written request; RYTECH will not prepare interim reports.

(f) RYTECH will attempt to spend National Ad Fund contributions so as to provide benefits the RYTECH brand, but RYTECH has no obligation to ensure that expenditures by the National Ad Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the National Ad Fund by Franchised Businesses operating in that area or that any Franchised Business, including Yours, will benefit in any manner directly or in proportion to its contribution to the National Ad Fund. You acknowledge that Your failure to derive any proportionate, direct, or quantifiable benefit from National Ad Fund activities and expenditures will not serve as a basis for a claim against RYTECH or the National Ad Fund or a reduction or elimination of Your obligation to contribute to the National Ad Fund.

(g) RYTECH may spend in any fiscal year an amount greater or less than the aggregate contribution of all Franchised Businesses to the National Ad Fund in that year. RYTECH may advance monies to the National Ad Fund, charge the National Ad Fund interest on those advances at one percent above the prime rate then designated by any major bank RYTECH selects, and authorize repayment of the advances from the National Ad Fund. RYTECH will retain in the National Ad Fund for future use any amounts that are not disbursed in a given fiscal year.

(h) RYTECH may terminate the National Ad Fund at any time. If RYTECH does so, it will first either, at its option, expend all monies in the National Ad Fund for brand enhancement

purposes or return contributions to Franchised Businesses on a pro-rata basis based on their contributions.

### 8.2 Alliances and Other Marketing Programs

RYTECH may initiate, establish, and/or coordinate cooperative marketing, alliances, marketing and sales programs, provider relationships (for example, for member groups or employee groups), and other similar programs or activities as RYTECH deems appropriate. These programs or activities may be on a local, regional or national basis or based on the market orientation of the Franchised Businesses, and they may include participation by facilities other than RYTECH. RYTECH believes that participation in alliances and other such programs can be critical to Your Franchised Business's success and RYTECH may require You to participate in these programs and activities. Participation in these programs and activities may require You to incur program-related expenses and/or to accept a uniform fee schedule (which may set fees at a discount to the fees You normally charge). In addition, we may charge You a reasonable fee for participation.

### 8.3 Cooperative Advertising Program

Although not obligated to do so, RYTECH may create a Cooperative Advertising Program for the benefit of the System in Your Territory. Under the Cooperative Advertising Program, the Franchised Businesses located within a particular geographic area or region, as determined by RYTECH, will be part of an Advertising Cooperative. RYTECH has the right, in its sole judgment, to (i) determine the area covered by any Advertising Cooperative; (ii) designate which Franchisees will be members of a particular Advertising Cooperative; (iii) instruct members of an Advertising Cooperative to allocate all or any portion of their local advertising budgets to the Advertising Cooperative; and (iv) make a contribution to any Advertising Cooperative without any obligation to make an equal, or any, contribution to all Advertising Cooperatives. RYTECH has the right to determine the composition of all geographic territories and market areas for the implementation of each Advertising Cooperative and to require that You participate in an Advertising Cooperative when established within an area including Your Territory. If an Advertising Cooperative is implemented on behalf of a particular area or region, RYTECH reserves the right to delegate to the Advertising Cooperative the power to self-administer the advertising used by that Advertising Cooperative. You agree to participate in any Advertising Cooperative according to the then-current rules and procedures under the Cooperative Advertising Program and to abide by the decisions made by RYTECH under the Cooperative Advertising Program and, if applicable, the decisions made by an Advertising Cooperative of which You are a member. Any amounts You pay in connection with Your participation in an Advertising Cooperative will count toward the amount You must spend on local advertising each month under Section 8.4.

The Cooperative may be required to fund or pay:

(i) The costs of designing, conducting, and administering cooperative public relations projects and events intended to enhance the goodwill and public image of the System, Network, and Marks, including participation in and/or joint public relations projects with RYTECH

Affiliates and/or others;

(ii) The costs of market research, including third party customer satisfaction surveys, branding studies, and similar programs within the Cooperative territory;

(iii) The costs of preparing, producing, and placing brand enhancement materials in any medium (video, audio, written, electronically-disseminated materials or other medium), including direct mail and Internet advertising;

(iv) The costs of employing advertising, public relations agencies, consultants, lobbyists and/or other advisors;

(v) The costs of purchasing promotional items;

(vi) The costs of dues for membership and participation in industry-related trade associations;

(vii) The costs of designing and administering brand enhancement programs and activities, including purchasing media advertising;

(viii) The costs of obtaining sponsorships and endorsements, and developing alliances, marketing and sales promotions, provider relationships, lobbying efforts, carrier meetings, conferences, account management, carrier management, and any activities or programs that enhances the RYTECH brand within the Cooperative Territory;

(ix) The costs of collection for delinquent Cooperative contributions, including the costs of collection agencies and legal costs (including attorney fees) to pursue collection;

(xi) Such reasonable salary costs of RYTECH's employees, and such administrative and overhead costs as RYTECH may incur, in activities reasonably related to the administration of the Cooperative and its brand enhancement programs and activities (including agency fees, legal fees, travel expenses, preparing or procuring market studies, preparing brand enhancement materials, and collecting and accounting for contributions to the Cooperative, and preparing for and assisting in an independent audit of the Cooperative contributions and expenditures annually);

(xii) Carrier Sales and Marketing, Sales Personnel, Conferences, Sponsorships, Booth space, banners, print and digital media and other similar programs; and

(xiii) Such other brand enhancement activities as RYTECH deems advisable.

### 8.4 Local Advertising

Each month during the Term You must spend the greater of $1,000 or four percent (4%) of Gross Revenue on local advertising that RYTECH has approved in the Manual or otherwise in writing and that conforms to Standards. "Local advertising" includes advertising, marketing, promotional events, public relations, and other brand development activities and materials that enhance the brand but are targeted primarily to promoting Your Franchised Business. RYTECH may increase to a maximum of six percent (6%) during the term of Agreement. Upon RYTECH's request, You must submit copies of invoices for local advertising expenditures showing

compliance with this Section 8.4. Advertising expenditures in excess of the required minimum in any month may be used to offset shortfalls in any later month if the total advertising expenditures at the end of each calendar quarter, on a cumulative basis, equal or exceed the required minimum for that calendar quarter.

All advertising and promotions by You in any medium will be conducted in a dignified manner and will conform to the Standards and requirements, as set forth in the Manual. As provided in Section 8.5, You will obtain RYTECH's approval of all advertising campaigns, promotions and related materials before their use. RYTECH will endeavor to approve or disapprove of the campaigns, promotions and materials within 10 days after RYTECH receives them. You will not use unapproved campaigns, promotions or materials and will promptly discontinue use of any advertising campaigns, promotions or materials, whether or not previously approved, upon notice from RYTECH.

You may not direct advertising outside of Your Territory unless we give our written consent in the Manual or otherwise.

### 8.5 Advertising Materials

You will submit to RYTECH copies of all advertising materials not provided by RYTECH that You propose to use at least three weeks before the first time they are broadcast or published. RYTECH will review the materials and will notify You within 14 days whether it approves or rejects them. RYTECH may not withhold its approval unreasonably. For purposes of this paragraph, advertising materials that differ in text from previously approved materials only in such variables as date or price will be considered to be previously approved but they must continue to meet Standards for quality. Even if RYTECH has approved specified materials, it may later withdraw its approval if it reasonably believes it necessary to make the advertising conform to changes in the System (including changes to brand and advertising Standards) or to correct unacceptable features of the advertising, including any misuse of the Marks or misrepresentation in the advertising material, and You must immediately cease to use the disapproved materials. RYTECH may require You to submit to it a tear sheet of any advertisement You run.

Copyrights to all advertising and promotional materials that contain any of the Marks will belong solely to RYTECH, regardless of the party that created the materials. Further, RYTECH's Website and all material on RYTECH's Website, including all text, photographs, graphics, artwork, sound, video and other materials, as well as all derivative works, will be considered advertising and promotional materials and will therefore be owned solely by RYTECH. You will execute all documents required by RYTECH to confirm this ownership.

RYTECH may require that any third party You choose to assist You with advertising efforts sign a license agreement governing the third party's use of the Marks on Your behalf.

RYTECH shall have the right to access any marketing and promotional campaigns, including but not limited to Google Ads, online review sites, digital campaigns, social media posts, podcasts, Twitter, YouTube and other such vehicles for marketing and promotional

advertising.

### 8.6 RYTECH Intranet

RYTECH may establish, and at its option may maintain, the RYTECH Intranet, through which RYTECH, its franchisees, and other authorized Persons may communicate with each other and through which RYTECH may disseminate updates to the Manual and other Confidential Information. RYTECH will have no obligation to maintain the RYTECH Intranet indefinitely but may discontinue it at any time without liability to You.

RYTECH will establish Standards for the Intranet's use. These Standards will be set forth in the Operations Manual. You agree to comply with these Standards. You acknowledge that, as administrator of the RYTECH Intranet, RYTECH can and may access and view any communication that any Person posts on the RYTECH Intranet. You further acknowledge that the RYTECH Intranet facility and all communications that are posted to it will become RYTECH's property, free of any claims of privacy or privilege that You or any other Person may assert. If You are not in Good Standing or if You fail to comply with any Standards governing the RYTECH Intranet, RYTECH may suspend Your access to all or any aspect of the RYTECH Intranet until You fully cure the breach.

RYTECH will establish Standards for Social Media. These Standards will be set forth in the Operations Manual. You agree to comply with these Standards.

You agree to contribute a reasonable amount established by RYTECH toward the cost of the RYTECH Intranet's support, maintenance and further development. RYTECH will set the contribution amount annually and will collect the payments from You by EFT on the seventh day of each month. We may, in the future, establish a technology fee to offset Rytech’s Intranet support, maintenance and further development.

### 8.7 Websites and Electronic Media

(a) RYTECH has established, and at its option may maintain, the RYTECH Website, through which RYTECH advertises and promotes Franchised Businesses, Core Services, Additional Services, and Equipment. RYTECH will have sole control over the RYTECH Website's design and contents, except that RYTECH will configure the site to accommodate the pages that Sections 8.7(b) and (c) describe. RYTECH will have no obligation to maintain the RYTECH Website indefinitely, but may discontinue it at any time without liability to You.

(b) RYTECH will establish a Franchised Business locater page on the RYTECH Website and will post the address, telephone number and e-mail address of each Franchised Business on the locater page.

(c) At Your request, RYTECH will include at the RYTECH Website one or a series of interior pages devoted to information about You and Your Franchised Business. You must develop the page(s), at Your expense, in accordance with specifications that RYTECH provides in the Manual or otherwise in writing and subject to RYTECH's approval prior to posting as to form,

content and programming quality; RYTECH may also require you to use a designated or approved supplier of website services to design your interior page(s). You will not have the capability to modify Your page(s) except in coordination with RYTECH's Webmaster (unless RYTECH permits otherwise in the Manual) and in compliance with the Standards. RYTECH may assign a sub-domain name to the interior page for Your Franchised Business; RYTECH will own and control the sub-domain name and any other URLs incorporating any of the Marks (or the letters "RYTECH") that it may permit You to use and may change the sub-domain name and/or those URLs at any time.

(d) You have no authority to and may not establish any Websites, blogs, social networking sites, or Social Media sites, or register any domain names (including any that have the letters "RYTECH"), that use or create any association with the Marks and System without express written consent of RYTECH or except as otherwise provided in the Manual. You may not post any advertisements, material, or content of any kind on the Internet or Worldwide Web that depict or display the Marks or create an association with the System and/or Network without the express written consent of RYTECH or except as otherwise provided in the Manual. RYTECH may, in its sole judgment and on such terms as it may establish in the Manual or otherwise in writing, permit You to own domain names or URLs for Websites or social media sites that have content related to, or creating an association with, the System and/or the Network, but RYTECH need not do so.

(e) If You are not in Good Standing or You fail to comply with the Terms of Use governing the RYTECH Website, RYTECH may remove Your interior pages from the RYTECH Website and/or remove Your Franchised Business from the Franchised Business locater page until You fully cure the breach.

### 8.8 Electronic Communication

(a) You agree to establish and continually maintain electronic connection with the RYTECH Intranet via a computer system, a technology platform as described in Section 7.2.8, *Required Computer and Technology*, and/or by such other means as RYTECH may specify in the Manual or otherwise in writing. Your obligation to maintain connection with the RYTECH Intranet will continue until this Agreement's Termination (or, if earlier, until RYTECH dismantles the RYTECH Intranet).

(b) You acknowledge that electronic communication is a rapidly developing field and that, to maintain the competitive position of the System, RYTECH may modify the way franchisees throughout the world use the Internet and may communicate these modifications through amendments to the Manual. These modifications will be legally binding on You and You will comply with them.

(c) You may not use any of the Marks on or in connection with the Internet, except as permitted by Section 8.7(c). You may not use any part of the Marks (including the initials "RYTECH") in an e-mail address.

(d) You must identify Your RYTECH business by the e-mail address which RYTECH

may designate from time to time. You must not use directly or indirectly any other e-mail address, any Website or any similar electronic address or location to identify or communicate on behalf of Your Franchised Business without RYTECH's prior written consent. RYTECH may at any time change the e-mail address it has assigned to Your Franchised Business. You and RYTECH will use that e-mail address, and no other, to communicate via e-mail. RYTECH owns all e-mail addresses it assigns to franchisees.

Insert that franchisees must abide by all requirements of Carriers to be eligible to perform their work, including all intellectual property requirements.

## 9. RELATIONSHIP OF PARTIES

### 9.1 Interest in Marks and System

You may not at any time do or cause to be done anything contesting or impairing RYTECH's interest in its Marks and/or System. You acquire no rights in any part of the System or in any of the Marks except for Your right to use them in accordance with the express terms of this Agreement. RYTECH retains the right to grant other Franchises or licenses to use the Marks and System upon any terms that RYTECH wishes.

### 9.2 Improvements

All Improvements that You, any of Your Related Parties, and/or any of Your employees or agents makes or suggests will become the sole and exclusive property of RYTECH, regardless of Your or their participation in developing the Improvement. All Improvements will be deemed works-made-for-hire for RYTECH, will be deemed assigned to RYTECH, and will, at RYTECH's option, become part of the System. You will, and You will cause Your employees and Related Parties to, execute any instruments and documents RYTECH requests and give RYTECH assistance to perfect or protect all of its intellectual property rights in any Improvement, without compensation for the use or licensing of any Improvement.

### 9.3 Independent Status

You are an independent legal entity and must make this fact clear in Your dealings with suppliers, lessors, government agencies, employees, Customers and others. You acknowledge and agree that You will rely on Your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual. You may not use the Marks, or any portions thereof (including the letters "RYTECH"), as part of Your corporate, partnership or limited liability company name.

You represent, warrant and covenant (i) that You will not expressly or implicitly hold Yourself out as an employee, partner, shareholder, joint venturer or representative of RYTECH, (ii) that You will not expressly or implicitly state or suggest that You have the right or power to bind RYTECH or to incur any liability on RYTECH's behalf, (iii) that You will at all times provide

the highest quality service to each of Your Carriers and Customers in connection with this Agreement, (iv) that You are solely responsible for the provision and implementation of Services and Products to all Carriers and Customers and that RYTECH will not, and has no ability to, oversee or supervise any aspect of Your provision of Services and/or Products to Carriers and/or Customers.

### 9.4 Display of Disclaimers

You shall identify Yourself as the Franchisee for the Franchised Business in conjunction with any use of the Marks, including on business cards, payroll records, bank accounts, invoices, order forms, stationery, receipts, contracts, and other business forms, as well as at such conspicuous locations in Your Office as RYTECH designates in writing. The identification shall be in the form that specifies Your name, followed by the phrase "DBA Rytech of ____" or such other identification that RYTECH approves.

### 9.5 Indemnification

(a) You agree to defend, indemnify, and hold the Indemnified Parties harmless from and against, and to reimburse the Indemnified Parties for, any and all Losses and Expenses that the Indemnified Parties may sustain or incur in connection with any claim, expense, cost, demand, investigation, litigation, dispute resolution or inquiry or any settlement of any of the foregoing that arises directly or indirectly from, as a result of, or in connection with (a) any act or failure to act of You, any of Your Related Parties, or any of Your employees, or any person controlled by You or under contract with You; (b) the operation of Your Franchised Business; (c) any breach of this Agreement or any agreement, document or instrument executed pursuant to this Agreement, in connection with this Agreement, or concurrently with it; (d) any breach of any of Your representations and warranties or those of any of Your Related Parties; (e) any death or personal injury or property damage occurring at or related to the operation of Your Franchised Business; and/or (f) any violation of any law, rule, regulation or ordinance relating to the Franchised Business by You, any of Your Related Parties, and/or any of Your employees. Each of the foregoing is an **"Event."** Your obligation to indemnify applies regardless of whether any claim resulted from any strict or vicarious liability imposed by law on any of the Indemnified Parties.

(b) You must immediately undertake the defense of any legal action against or involving any of the Indemnified Parties and must retain reputable, competent and experienced counsel to represent the interests of the Indemnified Parties. You must notify RYTECH of the identity of counsel not less than forty-eight (48) hours before retaining counsel and RYTECH will have the right within the specified time period to approve or disapprove counsel. You may not settle any legal action without the specific prior written consent of each Indemnified Party named in the action and of RYTECH. At Your expense and risk, RYTECH may elect to assume (but under no circumstance is RYTECH obligated to undertake) the defense and/or settlement of the Event, provided that RYTECH will seek Your advice and counsel. Any such assumption by RYTECH will not modify Your indemnification obligation. RYTECH may, in its sole judgment, take such actions as RYTECH deems necessary and appropriate to investigate, defend, or settle

any event or take other remedial or corrective actions with respect to the Event as may be, in RYTECH's sole judgment, necessary for the protection of the Indemnified Parties, the System, and/or the Network. In addition, any of the Indemnified Parties will have the right to retain independent counsel and to participate in the defense, compromise, or settlement of the action. Neither RYTECH nor any other Indemnified Party will be required to seek recovery from third parties or otherwise mitigate their Losses and Expenses to recover the full amount of their respective indemnified Losses and Expenses from You.

(c) If You have timely notified RYTECH of a claim involving the Marks as required by Section 7.1.3 of this Agreement and if You comply with the other requirements of Section 7.1.3, RYTECH will indemnify and hold You harmless from all expenses and liabilities arising from or connected to a claim that Your operation of Your Franchised Business in strict accordance with this Agreement infringed or infringes the trademark or service mark rights of any third party claimant. If You are made a party to a legal proceeding in connection with any such alleged infringement, RYTECH will defend You at its expense, provided You have complied with the requirements of Section 7.1.3 and subject to RYTECH's right to settle or pursue any such action upon such terms as it, in its sole judgment, believes prudent.

## 10. TRANSFER

### 10.1 Conditions for Approval of Transfer

RYTECH's grant of this Franchise is made in reliance upon Your integrity, ability, experience and financial resources, if You are an Individual, and/or those of Your Related Parties, if You are an Entity. No Transfer may be made unless You have first obtained RYTECH's written consent. To ensure that no Transfer jeopardizes the Marks, the Network, or RYTECH's interest in the successful operation of Your Franchised Business, RYTECH will consent to a Transfer only if RYTECH has met with the prospective transferee, received and accepted the terms and conditions of the proposed Transfer, and You and/or the transferor, as required by RYTECH, have complied with the provisions of this Franchise Agreement.

### 10.2 Notice of Proposed Transfer

For any proposed Transfer, You must submit to RYTECH: a) the form of prospective franchisee application then in use by RYTECH, including any required attachments, completed by the prospective transferee; b) a written notice, describing all the terms and conditions of the proposed Transfer; and c) any other information RYTECH may request in order to evaluate the proposed Transfer and the proposed transferee.

### 10.3 Consent by RYTECH

RYTECH will respond in writing to Your written notice (a) within 30 days after receiving it, or, (b) if RYTECH requests additional information, within 30 days after receipt of such additional information. RYTECH may either consent to the Transfer, tell You the reason for

refusing to consent, or exercise its right of first refusal as set forth in Section 10.7. Silence may not be construed as consent. If RYTECH consents to the Transfer, then, upon payment of the Transfer Fee and execution of documents evidencing the Transfer as RYTECH may require, You may transfer the interest described in the notice only to the named transferee and only upon the terms and conditions stated in the notice. Consent by RYTECH to a particular Transfer will not constitute consent to any other or subsequent Transfer, and its consent shall not constitute a waiver of any claims it may have against the transferring party or a waiver of RYTECH's right to demand full compliance by the transferee with any of the terms of this Agreement.

### 10.4 Conditions for Consent to Transfer

The consent of RYTECH is subject to certain conditions, including but not limited to:

(a) Satisfaction of RYTECH that the proposed transferee meets all of the criteria of character, business experience, financial responsibility, net worth and other standards that RYTECH customarily applies to new franchisees at the time of Transfer and that the proposed transferee and its affiliates are not competitors of franchisees and/or of RYTECH;

(b) Payment of all Your outstanding debts to RYTECH and to Your trade creditors;

(c) Cure of all defaults under this Agreement and any other agreement(s) between RYTECH or its Affiliates or Related Parties and You and/or Your Related Parties and, if RYTECH deems it advisable, Your submission to a desk audit to assure that You have met all of Your financial and other obligations to RYTECH;

(d) At RYTECH's option, signing by the transferee of (i) the then-current form of Franchise Agreement (which may include different terms, including higher fees and other amounts payable under the Franchise Agreement), appropriately amended in light of the fact that the business is already operational, and such other agreements as RYTECH may require (including, for example, an Agreement and Guaranty and Confidentiality Agreement and Covenants Not to Compete in the forms then required by RYTECH) or (ii) an agreement assuming all liabilities and benefits of the existing Franchise Agreement in a form prescribed by RYTECH, together with an Agreement and Guaranty and Confidentiality Agreement and Covenants Not to Compete in the forms then required by RYTECH, and such ancillary agreements as RYTECH may require;

(e) The transferor's payment of a Transfer Fee in connection with each Transfer in the amount of fifteen percent (15%) of the then-current Initial Franchise Fee;

(f) Completion by the transferee of the RYTECH initial training program to RYTECH's satisfaction; and

(g) Your signing, and Your Related Parties' signing, of a general release of claims in favor of RYTECH and its Related Parties and Affiliates

### 10.5 Changes of Ownership Considered Not To Be Transfers

As used in this Agreement, an assignment to an Entity will not be considered a Transfer if

(a) the Beneficial Ownership of the Entity immediately following the assignment is the same and in the same proportions as the Beneficial Ownership in the Franchised Business immediately before the assignment; (b) at least ten business days before the assignment You submit to RYTECH information it requires on the identity of the shareholders or other interest holders and officers of the Entity, the percentage of Beneficial Ownership, other organizational documents requested by RYTECH, and the address where Entity records are maintained; and (c) You execute a document, in the form required by RYTECH, evidencing the assignment and the Entity's assumption of this Agreement. No such assignment will relieve You or any other assigning Persons of any of their respective obligations under this Agreement or any related agreements.

### 10.6 Transfer Upon Death or Disability

If You or any of Your Related Parties that holds any Beneficial Ownership interest in You dies or becomes Permanently Disabled within the Term, the heirs, beneficiaries or other personal representatives, as applicable, of You or the Related Party, as applicable, will have 60 days within which to demonstrate to RYTECH's satisfaction that he or she meets all of the criteria of character, business experience, financial responsibility, net worth and other standards that RYTECH requires of new franchisees at that time. If RYTECH approves such heirs, beneficiaries or other personal representatives as transferees of the Franchise, RYTECH will waive any Transfer Fee in connection with the Transfer; however, all other Transfer requirements will apply to the Transfer. If RYTECH advises such heirs, beneficiaries or other personal representatives in writing that RYTECH will not approve them as transferees of the Franchise, or if RYTECH fails to approve or disapprove the Transfer within 60 days following death or Permanent Disability of You or any Related Party, the heirs, beneficiaries or other personal representatives will have 120 additional days from the date of disapproval of the Transfer or the end of the 60-day period, whichever is first, within which to find a qualified transferee and notify RYTECH of a proposed Transfer to that transferee as required by under the Transfer provisions of this Agreement. If the heirs, beneficiaries or other personal representatives do not advise RYTECH of a proposed Transfer to a qualified transferee within the specified period, this Agreement will automatically terminate at the end of the period unless RYTECH grants a written extension of time. If the parties disagree as to whether a person is "Permanently Disabled," the determination will be made by a licensed practicing physician, selected by RYTECH, upon examination of the person; or, if the person refuses to submit to an examination, then for purposes of this Section, the person automatically will be considered permanently disabled as of the date of refusal.

### 10.7 Right of First Refusal

In connection with any proposed bona fide Transfer of a controlling interest in You, in this Agreement, and/or in the Franchised Business, RYTECH has the right and option to purchase that interest on the same terms and conditions contained in the bona fide offer. RYTECH shall notify the seller within 15 days of receiving all required information. If the consideration, terms, and/or conditions contained in the bona fide offer are such that RYTECH may not reasonably be required to furnish the same consideration, terms, and/or conditions, then RYTECH may purchase, for the

reasonable equivalent in cash, the interest that is proposed to be transferred. If the parties cannot agree within a reasonable time on the reasonable equivalent in case of the consideration, terms, and/or conditions contained in the bona fide offer, the parties shall agree upon an independent appraiser and that appraiser's determination shall be binding. If RYTECH declines to exercise the option afforded by this Section 10.7, then the seller may sell its interest only if RYTECH consents to the Transfer as set forth in this Section 10 and the seller complies with all of the Transfer provisions of this Agreement as determined by RYTECH in its sole judgment. Failure by the seller to effect the proposed Transfer and/or any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by RYTECH as in the case of an initial offer. Failure by RYTECH to exercise the option afforded by this Section 10.7 does not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 10 with respect to a proposed Transfer.

### 10.8 Public and Private Offerings

You and/or anyone holding Beneficial Ownership interest in You may make a public or private offering of securities, partnership, or other ownership or financial interests in You only with RYTECH's prior written consent. Before using them in an exempt offering or filing them with any federal or state authority, You shall submit to RYTECH in writing for review and written approval all materials proposed for use in any registration statement, prospectus, or similar offering circular or memorandum. You shall not imply (by use of the Marks or otherwise) that RYTECH or any of its Affiliates or Related Parties is participating in an underwriting, issuance, or offering of Your securities or of RYTECH securities, and You shall include any disclaimer to that effect that RYTECH may require. RYTECH's review of the materials and/or any offering shall be limited solely to the subject of the relationship between You and RYTECH, and its consent under this Section 10.8, if granted, does not imply or constitute its approval of the fact or method of financing, the offering literature submitted to RYTECH, or any other aspect of the offering. You and the other participants in the offering must fully indemnify RYTECH in connection with the offering. For each proposed offering, You must reimburse RYTECH for its reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. You shall give RYTECH written notice at least 30 days before the date of commencement of any offering or other transaction covered by this Section 10.8.

### 10.9 Assignment by RYTECH

RYTECH may assign its interest in this Agreement, any rights or obligations created by it, any or all ownership interests in RYTECH, and/or all or substantially all of the assets of RYTECH at any time without Your consent. RYTECH will require the assignee of this Agreement to undertake to assume RYTECH's obligations to You under this Agreement.

### 10.10 Security Interests

You shall grant no security interest in any of Your assets unless You have RYTECH's prior written permission and unless the secured party agrees that, in the event of any default by You

under any documents related to the security interest, RYTECH will have the right to purchase the rights of the secured party upon payment of all sums then due to the secured party.

**10.11 Lead Fee**.

You agree to pay RYTECH a Lead Fee equal to ten thousand dollars ($10,000) if Rytech refers a qualified lead ("Lead") to You and the Lead purchases your business within eighteen months after RTYECH submits the lead to You.

## 11. TERMINATION OF FRANCHISE

### 11.1 Termination by RYTECH

11.1.1 Notice of Default

You will be in default under this Agreement and RYTECH may, at its option and in addition to any other remedies it may have, terminate this Agreement upon the occurrence of any of the defaults set forth in Section 11.1.2. Termination of Your Franchise will be effective automatically, without further action or notice by RYTECH, 30 days after written notice of default and termination is given to You if any of the defaults described in subsections (a) through (f) below has not been cured; termination will be effective automatically, without further action or notice by RYTECH, five days after written notice of default and termination is given to You if any of the defaults described in subsection (g) below has not been cured; termination will be effective automatically without further action or notice by RYTECH, ten days after written notice of default and termination is given to You if any of the defaults described in subsection (h) below has not been cured; termination will be effective immediately upon written notice to You if any of the defaults described in subsections (i) through (r) below occurs.

11.1.2 Events of Default

(a) If You fail to submit to RYTECH in a timely manner any information or report You are required to submit under this Agreement; if You fail to give RYTECH a signed copy of a Confidentiality Agreement and Ancillary Covenants Not to Compete in the form specified by RYTECH, for each of Your Related Parties, directors, officers, and Designated Managers, within 10 days after each assumes that status with You; or if You fail to obtain signed confidentiality agreements from Your employees who will have access to Confidential Information;

(b) If You (and/or, as applicable, Your Designated Manager) do not successfully complete initial training, do not attend additional required training, or if You fail to operate Your Franchised Business in accordance with this Agreement and the Manual;

(c) If You fail to offer all Core Services or if You offer or provide services or sell products that have not been authorized by RYTECH;

(d) If You fail to attend at least two franchisee meetings (Rytech reserves the right to waive your attendance at one of these meetings if you request a waiver in writing and Rytech approves the waiver) per year as required by this Agreement;

(e) If You fail to perform required background checks on all of Your employees and Related Parties, as specified in the Manual;

(f) If You and/or any of Your Related Parties defaults in the performance of any other material obligation, or breach any material provision, under this Agreement or any other agreement (including any other Franchise Agreement) with RYTECH or any of its Related Parties or Affiliates;

(g) If You fail to make any payment when due under this Agreement or under any other agreement between You and RYTECH or an Affiliate or Related Party of RYTECH; if You fail to maintain the insurance required by this Agreement; and/or if You fail to obtain, or lose, licensure required to operate the Franchised Business;

(h) If any Person who has signed the Agreement and Guaranty of Related Parties becomes insolvent, files for bankruptcy, or has filed against him/her/it a petition in bankruptcy or similar proceeding and, within ten (10) days thereafter, a substitute guarantor acceptable to RYTECH has not signed the Agreement and Guaranty of Related Parties.

(i) If You and/or any of Your Related Parties misuses the Marks or the System or engages in conduct that reflects negatively and unfavorably upon the goodwill associated with them; if You or any of Your Related Parties uses any of the Marks (or any part of them) in connection with a business that is not a Franchised Business; if You use in Your Franchised Business any names, marks, systems, logotypes or symbols that RYTECH has not authorized You to use; or if You fail to relocate Your Office within 60 days after RYTECH notifies You that the location or condition of Your Office is such as to clearly damage the goodwill associated with the Marks;

(j) If You and/or any of Your Related Parties, directors, or officers violates Section 7.11(a) of this Agreement; or if You or any of Your Related Parties effects, or makes any attempt to effect, a Transfer in any manner not authorized by this Agreement;

(k) If You and/or any of Your Related Parties has made any material misrepresentation in connection with the acquisition of Your Franchised Business or to induce RYTECH to enter into this Agreement, knowingly has submitted a false report or information of any kind to RYTECH or any of its Related Parties, knowingly maintains false books or records relating to Your Franchised Business or to You, or breaches Section 7.8, *Anti-Terrorism and Anti-Corruption Laws*, of this Agreement;

(l) If You act without RYTECH's prior written approval or consent in regard to any matter for which RYTECH's prior written approval or consent is expressly required by this Agreement;

(m) If You abandon Your Franchised Business, disconnect the business telephone service for Your Franchised Business, or if You otherwise cease to actively operate Your Franchised Business for a period of seven consecutive Business Days;

(n) If You fail to correct a breach of this Agreement (including failure to satisfy the

Standards set out in the Manual) after twice being requested in writing (regardless of whether the request is a formal notice of default) by RYTECH to correct the same breach in any 12-month period;

(o) If You fail to correct a breach of this Agreement (including failure to satisfy the Standards set out in the Manual) after RYTECH has given You notice of default under this Agreement (regardless of whether the breaches are under the same or different provisions) twice in any 12-month period or three times in any 24-month period, even if the prior breaches were cured;

(p) If RYTECH determines that the operation of Your Franchised Business poses a threat to public health or safety;

(q) If You and/or any of Your Related Parties are convicted of (i) a felony, (ii) a crime of moral turpitude, or (iii) of any criminal misconduct that may, in RYTECH's sole opinion, negatively impact the operation of Your Franchised Business and/or damage the goodwill associated with the System and/or the Marks;

(r) If You and/or or any of Your Related Parties is party to a Franchise Agreement that has been terminated for default;

(s) If You, more than one time during the Term, breach this Agreement by providing Services to a Customer or for a Carrier in another franchisee's Territory without that franchisee's prior written permission or without RYTECH's prior written permission.

This Agreement will automatically terminate if You become insolvent, are unable to pay Your debts as they become due, make any assignment for the benefit of creditors, are adjudicated a bankrupt, or file or have filed against You a petition in bankruptcy, reorganization or similar proceeding (that is not dismissed within 30 days).

### 11.2 Termination by You

If You are in full compliance with this Agreement, You may terminate this Agreement if RYTECH fails to take reasonable steps to attempt to cure (regardless of whether such attempts have been successful) a material breach of this Agreement within 60 days' written notice of the default. Termination will be valid only if the conditions of Section 11.3, *Rights and Obligations Upon Termination*, are met in full within the specified time periods.

### 11.3 Rights and Obligations Upon Termination

Upon Termination of this Agreement for any reason, the parties will have the following rights and obligations:

(a) In order to assure continuity of Services for Carriers and Customers, You must work with RYTECH to arrange for the orderly transition to other franchisees, or, if there are no other franchisees in Your market area, to providers identified to and approved by RYTECH. RYTECH's approval will be based solely on its determination that the proposed transition is not an attempt to

circumvent the transfer and/or non-competition covenants of this Agreement.

(b) You must immediately and permanently stop using the System, the Marks or any confusingly similar marks, and any advertising, signs, stationery or forms that bear identifying marks or colors that might give others the impression that You are operating a Franchised Business or that You have ever been affiliated with RYTECH. By signing this Agreement, You irrevocably appoint RYTECH Your attorney-in-fact to cancel any such advertising, in any format or medium, should You not do so within 7 days after Termination.

(c) You must immediately and permanently stop using the Carrier Information and Customer Information and retain no copies, regardless of the format or medium, of the Carrier Information or Customer Information except as otherwise required by law or this Section 11.3. You must immediately transmit to RYTECH all historical information on Carriers and Customers in Your possession. After Termination, You may not use or transfer Carrier Information or Customer Information for any purpose except to meet government audit requirements, state licensing, or other state requirements.

(d) You must promptly execute any documents and take any steps that in the judgment of RYTECH are necessary to delete Your listings from classified telephone directories, disconnect or, at RYTECH's option, assign to RYTECH all telephone numbers that have been used in Your Franchised Business, assign to RYTECH any URLs, domain names, and social media and social networking names that You have used in connection with Your Franchised Business, and terminate all other references that indicate You are or ever were affiliated with RYTECH. By signing this Agreement, You irrevocably appoint RYTECH Your attorney-in-fact to take the actions described in this paragraph if You do not do so Yourself within 2 days after Termination of this Agreement. If RYTECH chooses not to have You assign the telephone numbers to it, You may not assign the telephone number to any Competitive Business, use automatic forwarding to the telephone number of any Competitive Business, or otherwise make the telephone number directly or indirectly available to any Competitive Business.

(e) You must promptly cancel any fictitious business registration, trade name, or similar registration. By signing this Agreement, You irrevocably appoint RYTECH Your attorney-in-fact to take the actions described in this paragraph if You do not do so Yourself within seven days after Termination of this Agreement.

(f) You and Your Related Parties must immediately comply with the covenants against competition set forth in Section 7.11, *Covenants Against Competition*.

(g) During the 12 months following expiration or termination of this Agreement. You must refrain from selling, assigning, or otherwise transferring to a Competitive Business any of the assets used in connection with the Franchised Business, including the lease for the premises where Your Office was operated.

(h) You must give RYTECH a final accounting for Your Franchised Business, pay RYTECH and its Affiliates and Related Parties within 30 days after Termination all payments due to them, and immediately return to RYTECH the Manual, all Confidential Information, and any

other property belonging to RYTECH.

You must maintain all accounts and records for Your Franchised Business for a period of not less than seven years after final payment of any amounts You owe to RYTECH, its Affiliates, and/or Related Parties when this Agreement is Terminated, but You may not sell, disclose, or otherwise transfer any of the information contained in those accounts and records to, or for use by, any Competitive Business.

If this Agreement is terminated because of Your default, the rights of RYTECH described above or elsewhere in this Agreement may not necessarily be RYTECH's exclusive remedies but will instead supplement any other equitable or legal remedies available to RYTECH, including the right to withhold performance as provided in Section 5.10, *Withholding of Performance*, of this Agreement.

**11.4 Liquidated Damages.**

(a) If after: (1) the expiration of the franchise, or (2) the termination of the franchise by RYTECH, You continue to use any of the Marks or element of the System in connection with the continued operation of the Franchised Business or otherwise, then, in addition to any other remedies available to RYTECH at law or in equity, RYTECH shall be entitled to collect from You, and You agrees to pay a weekly royalty for such use of the Marks and/or the System equal to 10% of the royalties that You would otherwise have been obligated to pay pursuant to this agreement. You shall pay to RYTECH in addition to any amounts found to be due and owing, all expenses incurred by RYTECH as a result of any such default, including reasonable attorneys' fees. Such termination, however, shall not affect the obligation of You hereunder to take action or abstain from taking action after the termination hereof.

(b) If You or your Related Parties directly or indirectly open or participate in the ownership or operation of a business in violation of the covenant not to compete, then, in addition to any other remedies available to RYTECH at law or in equity, RYTECH shall be entitled to receive throughout the term of the covenant, and You agrees to pay, a weekly fee equal to 10% of the competing operation's revenues, measured in accordance with the definition of Gross Revenues in this Agreement. You shall pay to RYTECH in addition to any amounts found to be due and owing, all expenses incurred by RYTECH as a result of any such default, including reasonable attorneys' fees. Such termination, however, shall not affect the obligation of You hereunder to take action or abstain from taking action after the termination hereof.

(c) If You close your Franchised Business for any reason, without the written consent of RYTECH, You shall promptly pay all sums owing to RYTECH and its subsidiaries and affiliates. You shall pay damages for the right to receive the royalty fees for each year or portion thereof remaining in the original term of this agreement, together with any other damages suffered by RYTECH as a result of such default, and You shall have no further claim hereunder. The damages for royalties due during the remainder of the original term of this agreement shall be calculated by averaging the last 24 months (or actual average, if the Franchised Business is open less than 24 months) of all fees paid by You times the number of years remaining in the term, as calculated

from the effective date of this agreement, and discounted to present value. You shall pay to RYTECH in addition to any amounts found to be due and owing, all expenses incurred by RYTECH as a result of any such default, including reasonable attorneys' fees. Such termination, however, shall not affect the obligation of You hereunder to take action or abstain from taking action after the termination hereof.

## 12. MISCELLANEOUS PROVISIONS

### 12.1 Construction of Contract

Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires. If there is any conflict between this Agreement and the Manual, this Agreement will control. The word "include"' (and its derivatives, such as "includes" and "including") is always used in its non-restrictive sense (i.e., as if followed by the words "but [is] not limited to"); "includes" is not used as a synonym for "means." Similarly, any time examples are given, the examples are always non-exclusive. The auxiliary verb "may" is intended to be permissive, and its negative ("may not") is intended to deny permission.

Whenever this Agreement gives RYTECH discretion to take an action or make a decision, RYTECH will be allowed to take or make (or refrain from taking or making) that action or decision based on its business judgment. Even if RYTECH has numerous motives for a particular action or decision and/or there are other reasonable and/or arguably preferable alternatives to a particular action or decision, so long as at least one motive is a reasonable business justification, the action or decision will not be subject to challenge for abuse of discretion. IF THE EXERCISE OF RYTECH'S DISCRETION AS TO ANY MATTER IS CHALLENGED, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT RYTECH'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF RYTECH'S DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

### 12.2 Governing Law

This Agreement is made in the State of Georgia, or, if RYTECH relocates, then the state that the RYTECH is then located, and its provisions shall be governed by and enforced and interpreted exclusively under the laws of that state, which laws shall prevail shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of the choice-of-law rules of that state); provided, however, that if any provision of this Agreement, including the covenants in Section 7.11, *Covenants Against Competition*, of this Agreement, would

not be enforceable under the laws of the State of Georgia and Your Franchised Business is located outside of the State of Georgia, then that provision shall be interpreted and construed under the laws of the state in which Your Franchised Business is located. Nothing in this Section 12.2 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation to which this Agreement would not otherwise be subject.

### 12.3 Notices

Except as otherwise permitted by this Agreement, the parties to this Agreement shall direct any notices to the other party at the address provided for such party below or at another address if advised in writing that the address has been changed. Notice may be delivered by (i) overnight nationally-recognized courier service or US Express Mail, (ii) US Priority, (iii) email or (iv) US regular mail. Notice by courier or Express mail, within one day after delivery to the courier; and by Priority mail or US regular mail three days after posting. Notice by e-mail may be given by sending an e-mail message at the e-mail address maintained by RYTECH for You, and notice will be deemed delivered and received the same day as the e-mail message is sent by RYTECH; and may be given by sending an e-mail message to rkerlin@rytech.com and notice will be deemed delivered and received the same day as the e-mail message is sent by You.

RYTECH:
President
Rytech Franchising, Inc.
1690 Roberts Blvd. NW, Suite 120
Kennesaw, GA 30144

FRANCHISEE:

_____

_____

_____

_____

### 12.4 Amendments

Except for changes to the Manual, and except as otherwise specifically provided in this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless set forth in a writing signed by all of the parties to this Agreement or by their authorized officers or agents.

## 12.5 Waiver

Either of the parties to this Agreement may, by written instrument, unilaterally waive any obligations of or restriction upon the other under this Agreement. No acceptance by RYTECH of any payment by You and no refusal, neglect, or failure of RYTECH to exercise any right under this Agreement or to insist upon full compliance by You with Your obligations under it or with any Standards will constitute a waiver of any provision of this Agreement or of any subsequent breach of this Agreement.

## 12.6 Integration

This Agreement, the Franchise Disclosure Document, any other agreements executed pursuant to it or concurrently with it, the Attachments to this Agreement, and the Manual (as it may be revised from time to time), constitute the complete Agreement between You and RYTECH concerning the subject matter of this Agreement and supersede all prior understandings and agreements, whether written or oral. Nothing in this Agreement is intended to disclaim the representations RYTECH made solely in the franchise disclosure document it furnished to You.

## 12.7 Dispute Resolution

### 12.7.1 Dispute Resolution Process

(a) Except as otherwise provided in this Agreement, in the case of any Dispute, the parties must attempt to resolve the Dispute by following the ADR Process in this Section 12.7 before, and as a condition to either parties, initiating a legal action. All aspects of the ADR Process must be treated as confidential, must not be disclosed to others, and may not be offered or admissible in any other proceeding or legal action whatsoever. The ADR Process under this Section 12.7 is not intended to alter or suspend the rights or obligations of the parties under this Agreement but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.

(b) The Complainant will initiate the ADR Process by sending a certified or registered letter to the Respondent setting forth the particulars of the Dispute, the term(s) of the Agreement (if any) that are involved, a proposed resolution of the Dispute, and identifying one or more Authorized Representatives with authority to settle the Dispute for the Complainant. The Respondent has 14 days (beginning with the date notice is received) within which to designate by written notice to the Complainant one or more Authorized Representatives with authority to settle the Dispute on the Respondent's behalf.

(c) As a mandatory condition precedent prior to your taking any legal or other action against us, whether for damages, injunctive, equitable or other relief (including, but not limited to, rescission), based upon any alleged act or omission of ours, you shall first give us 60 days prior written notice and opportunity to cure such alleged act or omission, or to resolve such matter.

12.7.2 Direct Negotiations

The Authorized Representatives of the Respondent may investigate the Dispute as they consider appropriate but agree to meet in person at a place determined by RYTECH, by prearranged teleconference, or by videoconference, with the Authorized Representatives of the Complainant within 30 days from the date of the Complainant's written notice to discuss resolution of the Dispute. The Authorized Representatives may meet at any times and places and as often as they agree, subject to the time limits set forth in this Section 12.7.

12.7.3 Mediation

(a) If the Dispute has not been resolved within 60 days after the initial meeting of the Authorized Representatives, the Dispute must be submitted to non-binding mediation by a third-party mediator. The parties shall attempt to agree upon a mediator within one hundred and twenty (120) days of receipt of the initial letter or within sixty (60) days of any extended period as may be agreed upon by the parties in writing. If the parties are unable to mutually agree upon a mediator within this time period, the Complainant may seek the appointment of a mediator through JAMS, Inc. (and if JAMS, Inc. is no longer operational, a comparable mediator service) and the procedures for selecting the mediator shall be those of JAMS, Inc. (or, if applicable, of the comparable mediation service) in effect at the time. The parties agree that in the event of the initiation of individual mediations involving the same or similar issues at or about the same time, RYTECH has the option to determine that no Designated Mediator may be a mediator in more than one of those mediations. The mediation must take place in the city where RYTECH’s principal place of business is then located.

(b) Non-binding mediation under the ADR Process must be concluded within 60 days of the date the Designated Mediator is agreed upon in writing (or selected through JAMS, Inc. or the comparable mediation service) or such longer period as may be agreed upon by the parties in writing. The Complainant and the Respondent shall each bear their own costs of mediation, and each shall bear one-half the cost of the mediator, including any mediation service fees.

12.7.4 Arbitration

If the Dispute is not resolved through mediation, then, except as otherwise provided in this Agreement, the Dispute (including the enforceability of this arbitration provision and the arbitrability of any Dispute) must be settled by binding arbitration through JAMS, Inc. (and if JAMS, Inc. is no longer operational, a comparable arbitration service) and the procedures for selecting the arbitrator shall be those of JAMS, Inc. (or, if applicable, of the comparable arbitration service) in effect at the time. The arbitration must be brought in the city where RYTECH's principal place of business is then located. Only disputes brought by the parties to this Agreement may be resolved in the arbitration and no claims brought by a class or claims by Persons other than the parties to this Agreement will be heard. The parties will jointly select one arbitrator from the panel of arbitrators maintained by JAMS, Inc. (or, if applicable, the comparable arbitration service). The arbitrator must (a) be a senior lawyer or a retired judge, (b) have at least 5 years' experience in

franchising or franchise law, and (c) have no prior social, business, or professional relationship with any party. If the parties are not able to agree on the sole arbitrator within 30 days after notice of arbitration has been provided by either party, unless such time is extended by the parties, then the parties must apply to JAMS, Inc. (or, if applicable, the comparable arbitration service) to designate and appoint the sole arbitrator. Discovery under the arbitration will be limited to the following for each side: a) six depositions totaling 12 hours; b) six interrogatories each consisting of no more than 12 questions (with no subparts); and c) six document requests. The discovery may also be limited in any other manner as specified by the arbitrator, who will limit discovery to the greatest extent possible consistent with basic fairness. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear and the arbitrator may render a decision. The arbitrator will have no power to 1) stay the effectiveness of any pending Termination of this Franchise Agreement; 2) assess punitive damages against either party; or 3) make any award that extends, modifies or suspends any lawful provision of this Agreement or any of the standards of business conduct, performance, or operations established by RYTECH. All expenses of arbitration must be paid by the party against which the arbitrator renders a decision; if each party prevails on one or more claims, the arbitrator shall apportion the expenses of arbitration. The decision in writing of the arbitrator will be (a) in the English language, (b) final and binding, and (c) reasonably detailed and will include the arbitrator's findings. Either party may apply to any court having jurisdiction for an order confirming, or to enforce, the award. A notice of arbitration will not operate to stay, postpone or rescind the effectiveness of any demand for performance or notice of termination under this Agreement.

### 12.8 Exceptions to ADR Process Requirement

(a) The ADR Process provision in Section 12.7, *Arbitration*, does not bar the right of RYTECH to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that may cause loss or damage.

(b) RYTECH is not required to follow the ADR Process with respect to (a) any claim or Dispute involving actual or threatened disclosure or misuse of Confidential Information or any other intellectual property of RYTECH, (b) any claim or Dispute involving the ownership, validity, or use of the Marks, (c) any claim or Dispute related to monies You owe to RYTECH or to the National Ad Fund; (d) any claim or Dispute involving the insurance or indemnification provisions of this Agreement, (e) any action to enforce the covenants set forth in Section 7.11, *Covenant Against Competition*, of this Agreement, and/or (f) any claim or Dispute involving a proposed or actual transfer not complying with the requirements of Article 10**,** *Transfer***.**

### 12.9 Non-Exclusive Remedy

No right or remedy conferred upon or reserved to You or to RYTECH by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided in this Agreement or permitted by law or by equity, but each shall be cumulative of every other right or remedy.

### 12.9 Venue and Waiver of Jury Trial

You and we each consent and irrevocably submit to the exclusive jurisdiction and venue of the state and federal courts of competent jurisdiction for Cobb County, Georgia, and waive any objection to the jurisdiction and venue of such courts. This exclusive choice of jurisdiction and venue provision does not restrict the ability of the parties to confirm or enforce judgments or awards in any appropriate jurisdiction.

YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US AND/OR YOUR AND OUR RESPECTIVE AFFILIATES.

### 12.10 Limitation of Actions

ANY AND ALL CLAIMS BY YOU ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US MUST BE MADE BY WRITTEN NOTICE TO US WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE ACT OR EVENT GIVING RISE TO SUCH CLAIM OR ONE (1) YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

### 12.11 Attorney Fees and Costs

You must pay to RYTECH all damages, costs and expenses (including reasonable attorneys' fees) that RYTECH incurs in the enforcement of any provision of this Agreement.

### 12.12 Severability and Resulting Covenants

(a) Each provision of this Agreement will be considered severable. If, for any reason, any provision of it is determined to be invalid or in conflict with any existing or future law or regulation, that provision will not impair the operation of the remaining provisions of this Agreement. The invalid provisions will be considered not to be a part of this Agreement. However, if RYTECH determines that the finding of illegality adversely affects the basic consideration for its performance under this Agreement, RYTECH may, at its option, terminate this Agreement.

(b) You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law that is contained within the terms of any provision of this Agreement, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions that a court holds to be unreasonable and unenforceable in a final decision to which RYTECH is a party,

or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

### 12.13 Individual Dispute Resolution

Any proceeding to resolve a Dispute (whether part of the ADR Process or a legal action) between the parties to this Agreement and/or any of their Related Parties will be conducted solely on an individual basis and not as part of a consolidated, common, representative, group, or class action.

### 12.14 Approval and Guaranties

All Persons, including all of Your Related Parties (without regard to the percentage of Beneficial Ownership interests noted in the definition of Related Parties), having at least a ten percent (10%) or greater interest in You must approve this Agreement, permit You to furnish the financial information required by RYTECH, and agree to the restrictions placed on them, including restrictions on the transferability of their interests in the Franchised Business and in You and limitations on their rights to compete. Each of those Persons must execute separately the Agreement and Guaranty in the form of Attachment 5 to this Agreement or in the form required by RYTECH at the time the Person acquires the 10% or greater interest. See Attachment 5.

### 12.15 Acceptance by RYTECH

This Agreement will not be binding on RYTECH unless and until it has been signed by an authorized officer of RYTECH.

### 12.16 DISCLAIMER OF REPRESENTATIONS

YOU UNDERSTAND THAT RYTECH IS NOT A FIDUCIARY AND HAS NO SPECIAL RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

| FRANCHISOR: Rytech Franchising, Inc. | FRANCHISEE: |
|---|---|
| _____ | _____ |
| By: | By: |
| Its _____ | Its _____ |
| Date: _____ | Date: _____ |

## Owner Acknowledgement

Owners, the individuals executing this Agreement on behalf of the business entity warrant to Company, both individually and in their capacities as officers, partners, or other authorized signors, that all the members of the ownership entity, as the case may be, have read and approved this Agreement, including any restrictions that this Agreement places upon their rights to transfer their respective interests in the corporation, partnership, or other form of legal entity.

OWNERS:

By: _____

Date: _____

By: _____

Date: _____

By: _____

Date: _____

# Attachment 1

## Territory

# Attachment 2(a)

## EQUIPMENT AND SUPPLY PACKAGE

**Office Supply Package (initial supply included in the Initial Franchise Fee)**

BuildFusion MICA
100 each Letterhead
100 each #10 Envelopes w/Return Address
1000 Business Cards
50 each Water Damage Worksheets
100 each Protocols
100 each Customer Service Reports
50 Rytech Pocket Presentation Folders
200 each Magnets
200 Rytech Salon Files
150 Coasters
50 Backscratchers
1 box of Rytech Notepads
200 Rytech Pens
100 each (What To Do) Handouts
300 each folded Rytech Brochures

**Production Equipment, Safety Equipment and Cleaning Agents.**

Production Package
Lenovo Think Pad or similar lap top, with touch screen for signing documents, not recommended HP and Asus.
Rytech Truck Full Wrap (price will vary due to size of van)
AppIe- I Pad

Drying Equipment
Portable or truck mount carpet cleaning machine
Two gallon Pressure Sprayer
Hydro sensor 32"
Penetrating Moisture Meter (with attachments) Hammer Probe & Baseboard Electrode Moisture Encounter – Non-destructive
Thermo Hygrometer – Phoenix HM-34
Carpet Installation Kit (Knee Kicker, Carpet Awl) Tool Box for Tools
Misc. Tools for Tool Box
Canister Vac with HEPA Filter
Weighted extraction (water claw/or Dri-Eaz Rover
4 large LGR Dehumidifiers
6 each centrifugal Air Movers w/Daisy Chain
30 each Axial Air movers w/Daisy chain
4 each XL LGR Dehumidifiers
1 each Mini Guardian or Defendair 500 Air Scrubber
1 Injecti dry with floor panel system
1 case replacement filters for Dehumidifiers

1 roll lay Flat Duct
1 Temporary Portable Power Center
1 Twist Power Cord Adapter
1 Mega 3 Flood Pumper
1 Hard surface wand
1 Carpet wand
1 Energy Dry Heat Box
1 Laser thermometer or IR camera

Safety Equipment Package
1 box of  Exam Gloves
1 Full Face Respirator
1 pack Respirator Organic Vapor Cartridges
1 pair of Splash Goggles
1 pack of 6 Tyvek Coveralls
1 pair of Rubber Boots
1 First Aid Kit
Disposable Shoe Covers (used on every project)

Chemical Start-up Package
1 gallon Carpet Prespray
1-gallons Shock Way or Benefect Disinfectants
16 oz. Measuring Cup

Miscellaneous
1 Hard Hat, for each infield
1 High Visibility Vest
Warning or Caution indoor tape or sign stands.
Telescoping Poles for Containment
1 box Furniture Blocks
1 box Furniture Pads
1 Roll of 6 mil plastic
MSDS Book (for all chemicals on each van)

# Attachment 2(b)

## CURRENT FEES CHARGED TO FRANCHISEE

| Fees charged to Franchisee | Rate | Explanation |
|---|---|---|
| Royalties<br>Admin.<br>National Ad Fund (NAF) | 8% of Gross Revenue<br>11% of Gross Revenue<br>1% of Gross Revenue | |
| Rytech Training Portal – Rytech U | $115 per quarter | Each Franchise will be charged $115.000 per quarter.<br>The portal allows your franchise to leverage the vast library of IICRC training content as well as access to mandatory and customized training modules that are required by Rytech. The portal also allows a technician is able to satisfy his/her IICRC continuing education credits. |
| TPA's | Range from 5%-11%<br>$9.95 per transaction Alacrity-only<br>$9.43 per transaction Lionsbridge - only | Your Franchise may choose to participate in Third Party Administrator (TPA) programs. Some of Rytech's carrier client's engage the services of TPA's to manage their property restoration service providers. TPA's typically charge a percentage of the total amount invoiced for each job, and typically apply the fees and issue remaining balance at time of payment to Rytech. Additionally, some TPA's will charge in addition to the percentage a transaction fee. Rytech Royalties and Administrative, and National Ad Fund (NAF) fees are applied to the total invoiced amount minus the TPA amount. |
| MICA | $85 Monthly Location<br>$5.00 per transaction<br>$8.00 per QA disposition transaction | MICA is required to be utilized by all employees in your franchise. MICA is Rytech's system of record, and where all jobs should be managed throughout the life cycle of a job.<br>MICA charges a per job transactional fee. There is also a monthly location fee that is charged to your location.<br>All MICA fees are invoiced monthly and deducted via RyPay. |
| Xactanalysis | $8.50 per transaction/job and % of estimate amount<br>$17.00 per claims Experience transaction<br>$125.00 License Fee (as needed) and | Many of our carrier clients utilize Xactanalysis. Xactanalysis is the software by which assignments are sent to Rytech. Additionally, carrier clients may require<br>all job documents, photos, notes, updates, and estimates to be placed in the Xactanalysis job record. Xactanalysis fees are charged on a per job/transactional basis. Should your franchise be required to establish it's own Xactnet address and additional license fee is incurred. Fees are invoiced monthly and deducted via RyPay. |

| | | |
|---|---|---|
| DocuSign | $20 per month | Used to ensure Rytech network is meeting information security policy as well as PCI compliance when utilizing this platform to collect credit card payment information from customers directly. |
| Corelogic | $15.00 per transaction | Corelogic is an estimating software platform that some of Rytech's carrier clients utilize to send Rytech assignments. Additionally, carrier clients may require all job documents, photos, notes, updates, and estimates to be placed in the Corelogic job record. Corelogic fees are charged on a per job/transactional basis. Fee are invoiced monthly and deducted via Repay |
| IICRC Certifications | Billed Direct to Franchise by Provider | As a Rytech franchise you are responsible to ensure all of your field technicians obtain proper IICRC certification prior to that employee offering services. Minimum IICRC certifications required for a water mitigation technician are the WRT/ASD certifications. Should your operation offer mold remediation services it is recommended that field technicians hold an IICRC certification of AMRT. All owners are required to have IICRC Certifications in WRT/ASD/AMRT. |
| Background Checks | Billed Direct to Franchise by Provider | Rytech requires all of your franchise employees to have a criminal background check run prior to employment. Rytech has partnered with a qualified background check firm that will meet all carrier and TPA standards to ensure your franchise background searches meet all program criteria. Your franchise will establish an account with the background search provider, and pay the background check fees directly to the provider. |
| Additional Insurance Covg. | Billed Direct to Franchise by Provider | Some of Rytech's carrier clients and TPA's require additional insurance coverage beyond the Rytech standards. In the event your franchise is servicing a client that that requires additional coverage then your franchise will be subject to the rates for such coverage to be added. Your franchise will pay the cost of the premiums for these additional coverage to your agent or carrier direct. |
| Time Tracking Software | Billed Direct to Franchise by Provider | Your franchise may choose to utilize time tracking software offered by a third party provider. Any fees associated in utilizing such time tracking software shall be paid by your franchise directly to the time tracking software provider. |
| Fleet Tracking Software | Billed Direct to Franchise by Provider | Your franchise may choose to utilize fleet tracking/management software for your franchise's company vehicles. Any fees associated in utilizing such fleet |

| | | |
|---|---|---|
| | | management software shall be paid by your franchise directly to the fleet management software provider. |
| Marketing Supplies | Variable. Billed at cost. | From time to time your franchise may need to order marketing supplies such as pens, notepads, logo'd shirts, hats, etc. Rytech charges your franchise at cost for the items in addition to a handling fee, and shipping costs. |
| Credit Card Processing Fees | variable, currently 2.75% | At your option Rytech can process credit card payments for your franchise. You may choose to opt out of this service. A benefit to utilizing Rytech's credit card processing service is the convenience of allowing your customer make a payment online via payment option on Rytech's website. |
| Profile Gorilla | No Charge Currently | Ryetch currently utilizes Profile Gorilla as a compliance management software. There are currently no charges to the franchisee to utilize this software and all franchises are required to use this platform to store important credentialing and compliance information such as, IICRC Certifications, Licenses, Insurance COI's, Criminal Background check requests, and other important information about your franchise. Some carrier clients and TPA's work directly with Profile Gorilla as their compliance manager which allows your franchise to seamlessly onboard with carrier and TPA programs that are partnered with Profile Gorilla. Rytech may choose to charge a fee for use of this software in the future. |
| Liberty Mutual- Safeco Ins. | 8% Discount Applied to Invoiced Amount | Rytech is currently under a national contract with Liberty Mutual-Safeco Insurance. As part of this unique program and opportunity to provide services to Liberty Mutual-Safeco policyholders, Rytech has agreed to a 8% discount applied to all water mitigation and mold remediation jobs that involve a Liberty Mutual-Safeco claim whether the referral is generated direct from Liberty Mutual-Safeco, or through your own lead generation sources. This discount also applies to contents puckout and contents packbacks for water mitigation and mold remediation services directly performed and invoiced by all Rytech locations. |
| Acknowledgement: | | I have read and understand the above fees. **I understand that the above items may change and are subject to third party discretion, and that Rytech Franchising, Inc. does not dictate such fees from the third party providers listed above. I also understand that the list of third party fees may change as Rytech Franchising Inc. continues to implement strategic partnerships, and I shall be notified of such costs should any** |

| | | |
|---|---|---|
| | | **changes occur to the current list of third party associated fees.**<br><br>[ ] Franchisee Initials |
| Rytech Franchisee Owner: | | SIGNATURE:<br><br>DATE: |

# Attachment 3

## Electronic Funds Transfer

# ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION

Franchisee Information:

| Franchisee Name | |
|---|---|

Franchisee Mailing Address (street) Franchise Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different than above)

Bank Account Information:

Bank Name Bank Account No.

Bank Mailing Address (street) Bank Routing No.
[: [:
(9 characters)

Bank Mailing Address (city, state, zip) Bank Phone No.

Payee Information

Rytech Franchising, Inc.

Authorization:
The Franchisee hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to the Payee. The amount of such charge shall be set forth in a notice from the Payee presented to the Bank on _____ of each week. The Franchisee agrees to execute such additional documents as may be reasonably requested by the Payee or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until the Payee has received written notification from the Franchisee in such time and manner as to afford the Payee and the Bank to act on such notice. The Franchisee understands that the termination of this authorization does not relieve the Franchisee of its obligations to make payments to the Payee.

+
Signature: Date:

INDEMNIFICATION OF BANK

In consideration of the Bank's compliance with the foregoing request and authorization, the Payee agrees with respect to any action by the Bank in compliance with the foregoing request and authorization to indemnify the Bank and hold the Bank harmless for, from and against any loss the Bank may suffer as a consequence of the Bank's actions from or in connection with the execution and issuance of any electronic fund transfer or draft, whether or not genuine, purporting to be executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, except to the extent such loss caused by the negligence or willful misconduct of the Bank.

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

# Attachment 4

AUTHORITY TO TRANSFER TELEPHONE NUMBER(S) AND
TELEPHONE DIRECTORY LISTING

FRANCHISOR: RYTECH FRANCHISING, INC.

FRANCHISEE: _____

BUSINESS: Rytech of _____

_____

Franchisee, doing business as described above, expressly authorizes Franchisor to request my local telephone service provider and directory provider(s) to transfer to Franchisor all telephone number(s) and telephone directory advertising with respect to the business immediately.

This Authority to Transfer is required by the underlying Franchise Agreement between the parties and will only be exercised upon expiration or termination of the Franchise Agreement and thus should be honored regardless of execution date.

Franchisee:

By:_____
Its: _____

Date: _____

# Attachment 5

## PERSONAL GUARANTY

This Guaranty must be signed by the owners (referred to as "you" or "your" for purposes of this Guaranty only) of _____ (the "Business Entity") under the Franchise Agreement dated _____, 20___ (the "Franchise Agreement") with Rytech Franchising, Inc. ("us," or "our" or "we"). Terms not defined herein shall have the meaning set forth in the Franchise Agreement.

**Scope of Guaranty**. In consideration of and as an inducement to our signing and delivering the Franchise Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement.

**Waivers**. Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

**Consents and Agreements**. Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Franchise Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, for obligations surviving the termination or expiration of the Franchise Agreement, after its termination or expiration; and (f) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Franchise Agreement and despite the transfer of any interest in the Franchise Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers of the underlying Franchise Agreement or other related agreement.

**Enforcement Costs**. If we are required to enforce this Guaranty in any judicial proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', mediators', arbitrators and expert witness fees, costs of investigation

and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

**Effectiveness**. Your obligations under this Guaranty are effective on and from the Franchise Agreement Effective Date, regardless of the actual date of signature.

**Governing Law**. This Guaranty shall be deemed to have been made in and governed by the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law.

**Internal Dispute Resolution**. You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to our President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Guaranty.

**Dispute Resolution**. At our option, all claims or disputes between you and us arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and user, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to mediation and then arbitration as set forth in the Franchise Agreement. This agreement to mediate and arbitrate at our option shall survive the termination or expiration of this Guaranty.

**Third Party Beneficiaries**. Our officers, directors, owners, members, agents, representatives, affiliates, the Cooperative and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation and arbitration provisions incorporated by reference herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

**Injunctive Relief**. Nothing contained in this Guaranty shall prevent us from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interest prior to the filing of any mediation proceeding or pending the arbitration or handing down of a decision or award pursuant to any mediation or arbitration conducted hereunder.

**Jurisdiction and Venue**. With respect to any proceeding not subject to mediation or arbitration, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Cobb County, Georgia and the jurisdiction and venue of the United States District Court in or closest to Cobb County, Georgia.

**Jury Trial Waiver**. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE.

**Waiver of Punitive Damages**. You waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages, and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable, for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

**Waiver of Class Actions**. Each of the parties hereby irrevocably waives the right to litigate on a class action basis, in any action, proceeding, or counterclaim, whether at law or in equity, brought by any party.

| **PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY** | **GUARANTORS** |
|---|---|
| PERCENTAGE: _____% | NAME: _____<br>SIGNATURE: _____<br>DATE: _____ |
| PERCENTAGE: _____% | NAME: _____<br>SIGNATURE: _____<br>DATE: _____ |

# Attachment 6
## Spousal Consent

I, _____ as spouse of a Principal Owner of Franchisee, hereby acknowledge that I have read and understand the Franchise Agreement, and hereby consent and agree to be bound by the following provisions of this Franchise Agreement: (i) the non-competition covenants and non-disclosure covenants contained in Section 7 and Section; (ii) the dispute resolution provisions contained in Section 12; and (iii) the governing law and venue provisions contained in Section 12.

SPOUSE:

By: _____

Print Name: _____

Date Signed _____

## Spousal Consent

I, _____ as spouse of a Principal Owner of Franchisee, hereby acknowledge that I have read and understand the Franchise Agreement, and hereby consent and agree to be bound by the following provisions of this Franchise Agreement: (i) the non-competition covenants and non-disclosure covenants contained in Section 7; (ii) the dispute resolution provisions contained in Section 12; and (iii) the governing law and venue provisions contained in Section 12.

SPOUSE:

By: _____

Print Name: _____

Date Signed _____

# Attachment 7

## NON-COMPETE, CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT

### (For Trained Employees, Shareholders, Officers, Directors, General Partners, Members And Managers Of Franchisee)

I, _____ agree that during my association with _____ ("Franchisee") a franchisee of Rytech Franchising, Inc. (Including its affiliates collectively referred to as "Rytech"), and for twenty four (24) months immediately thereafter, I will not (whether as owner, partner, associate, agent, consultant, employee, independent contractor, member, stockholder, officer or otherwise of another or on my own account):

(a) Divert, solicit, interfere with, misappropriate, take away or attempt to divert or take away any source of business or revenue or any customer, broker, insurer, supplier, trade or patronage with whom Franchisee, Rytech, any affiliate of Rytech or any other franchisee does business or whom I know Franchisee, Rytech, any affiliate of Rytech or any other franchisee has contacted or solicited for business relationships; or

(b) Within the Non-Compete Area (defined below), participate in the development of, or engage in, or market, sell, distribute, render, provide, perform or sell (including through licensing or franchising) products, goods, or services the same or similar to the products, goods, or services offered by the Franchisee or Rytech, or contribute my knowledge or have any financial interest in any work or activity that relates to or involves or is in any way engaged in the licensing, franchising, developing or operation of a business that provides the Core Services (as defined in the franchise agreement) or any related services or products; or

(d) Induce or attempt to induce, or solicit any of Franchisee's, Rytech or other Rytech affiliates' or franchisees', strategic partners, customers, employees, sales associates, brokers, personnel or other independent contractors to accept employment or a business affiliation of any kind with you; or

(e) Perform or contribute to any other act injurious or prejudicial to the goodwill associated with Rytech Franchising, Inc. or its trademarks, trade names or other intellectual property.

In addition to the above, I agree to at all times during and after this Agreement, treat as confidential all manuals and materials designated for use with by Rytech for the Franchisee's business and in the Rytech franchise system (the "System") (including without limitation the Operations Manual), and such other information as Rytech or the Franchisee may designate from time to time for confidential use with the System (as well as all trade secrets and confidential information, knowledge and know-how concerning the operation of the Franchise that may be imparted to, or acquired by, me from time to time in connection with my relationship with Rytech and the Franchisee), and shall use all reasonable efforts to keep such information confidential. I acknowledge that the unauthorized use or disclosure of such confidential information (and trade secrets, if any) will cause incalculable and irreparable injury to Rytech and the Franchisee. I accordingly agree that I shall not, at any time, without Rytech's and the Franchisee's prior written consent, disclose, use or permit the use (except as may be required by applicable law or authorized

by this Agreement) of such information, in whole or part, or otherwise make the same available to any unauthorized person or source. Any and all information, knowledge and know-how not generally known about Rytech Standards and such other information or material as Rytech or the Franchisee may designate as confidential, shall be deemed confidential for purposes of this Agreement.

The "Non-Compete Area" means: (1) in Franchisee's Territory as granted by Rytech to Franchisee under their Franchise Agreement and within ten (10) miles of such Franchisee's Territory, (2) within any other Rytech Franchisee territory or other business which is franchised, owned, operated or managed by Rytech, (3) via the Internet or other form of e-commerce, wherever located; or (4) within ten (10) miles of any territory of any franchisee in existence or under development during the term of the Franchise Agreement between Rytech and Franchisee.

In the event that a court of competent jurisdiction shall determine that the scope of any part of this Agreement shall be discerned as overly broad and unenforceable as written, the parties agree that such provision shall be amended by such court so as to be enforceable so that such provision shall not be stricken from this Agreement.

Because of my significant responsibilities and access to proprietary information of the Rytech and the Franchisee, I acknowledge that each of my obligations in this Agreement are reasonable and necessary to protect the Franchisee's, Rytech's and its franchisees' legitimate business interests. I understand that breaking any of my promises or obligations will irreparably and continually damage Franchisee, Rytech, and Rytech Franchisees for which money damages may not be adequate.

Consequently, if I violate any of my promises in this Agreement, or Rytech and/or Franchisee has reason to believe that I am about to violate this Agreement, without limitation to other available remedies, Rytech and Franchisee will be entitled to both: (1) a preliminary or permanent injunction and/or any other equitable remedy to prevent the continuing harm to Rytech (and/or any of its franchisees) and/or Franchisee, and (2) money damages insofar as they can be determined. An injunction ordering me to stop any activities that may violate this Agreement will not prevent me from earning a living. I will pay Rytech and/or Franchisee its costs and expenses resulting from any enforcement of this Agreement resulting from my violation of the terms hereof, including reasonable attorney fees.

_____ _____

Name: Date
Title:

# Attachment 8

AUTHORITY TO TRANSFER INTERNET DOMAINS
AND EMAIL ADDRESSES

FRANCHISOR: RYTECH FRANCHISING, INC.

FRANCHISEE: _____

BUSINESS: Rytech of _____

_____

Franchisee, doing business as described above, expressly authorizes Franchisor to request my Internet service providers and registrars to transfer to Franchisor all domain names and numbers and email accounts with respect to the Business to Franchisor immediately.

This Authority to Transfer is required by the underlying Franchise Agreement between the parties and will only be exercised upon expiration or termination of the Franchise Agreement and thus should be honored regardless of execution date.

FRANCHISEE:

By:_____
Its; _____

Date: _____

ATTEST (if applicable)

By:_____

# EXHIBIT D: STATE ADDENDUM

**CALIFORNIA ADDENDUM**
**TO**
**FRANCHISE DISCLOSURE DOCUMENT**

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.

The following provisions supersede any inconsistent provisions in the disclosure document and apply to all franchises offered and sold in the State of California:

1. Neither we nor any person identified in Item 2 of this disclosure document are subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et seq., suspending or expelling these persons from membership in the association or exchange.

2. California Business and Professions Code Sections 20000 through 200043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Development Agreement contains a provision that is inconsistent with the law, the law will control.

3. The Franchise Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, et seq.).

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

5. The Franchise Agreement requires mediation, arbitration and litigation in the city where we then have our principal place of business (currently Cobb County, Georgia), with the costs being borne by the non-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 Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

7. Any condition, stipulation or provision in the Franchise Agreement or Development Agreement which would result in your waiver of compliance with any provision of California Franchise Relations Act is void to the extent that the provision violates this law.

8. To the extent that Sections 12 of the Franchise Agreement would otherwise violate California law, these sections are amended by providing that all litigation by or between you and us, involving a franchised business operating in the State of California, which arises directly or indirectly from the Franchise Agreement will be commenced and maintained in the state courts of California or the United States District

Court for California, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

9. The Franchise Agreement requires a franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporation Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

10. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation prior to a solicitation of a proposed material modification of an existing franchise.

11. Section 11.3 of the Franchise Agreement contains a lost profit clause. Under Civil Code, Section 1671 certain liquidated damage clauses are unenforceable.

12. The URL address of our web site is www.rytech.com. OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dfpi.ca.gov.

13. Franchisees must obtain the necessary licenses from the California Contractors License Board.

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

15. Each owner of the franchise is required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property states such as California.

16. 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.

17. **Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

**FRANCHISE RIDER - CALIFORNIA**

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. 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.

2. To the extent that Sections 15.2 or 15.5 of the Agreement would otherwise violate California law, these sections are amended by providing that all litigation by or between you and us, involving a Unit in the State of California, which arises directly or indirectly from the Agreement will be commenced and maintained in the state courts of California or the United States District Court for California, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

3. Franchisees must obtain the necessary licenses from the California Contractors License Board.

RYTECH FRANCHISING, INC.

By: _____

FRANCHISEE:

By: _____

By: _____

By: _____

By: _____

**ILLINOIS ADDENDUM**
**TO**
**FRANCHISE DISCLOSURE DOCUMENT**

Illinois law governs the agreements between the parties to this franchise.

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

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

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

No statement, questionnaire, or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## FRANCHISE AGREEMENT RIDER – ILLINOIS

The following terms and conditions control the Rytech Franchising, Inc. Franchise Agreement to which this Rider is attached:

Illinois law governs the agreements between the parties to this franchise.

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

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

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

No statement, questionnaire, or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

RYTECH FRANCHISING, INC.

By: _____

FRANCHISEE:

By: _____

By: _____

By: _____

By: _____

## INDIANA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Indiana, with costs being borne by the non-prevailing party. To the extent Indiana law applies, the provision concerning the place where arbitration will occur is deleted from the Indiana Franchise Agreement.

The Franchise Agreement requires application of the laws of another state. To the extent Indiana law applies, this provision is deleted from the Indiana Franchise Agreement.

In Item 17 of the disclosure document, the Summary columns of Sections (u), (v) and (w) are amended to omit any reference to selection of an out-of-Indiana forum or choice of law.

The Franchise Agreement requires you to sign a general release of claims as a condition of renewing or transferring the franchise. Under the law of Indiana any provision that purports to bind a person acquiring a franchisee to waive compliance with the franchise laws of Indiana is void. In Item 17 of the disclosure document, the Summary columns of Sections (c) and (m) are amended to omit the requirement that an Indiana Franchisee sign a general release of claims as a condition of renewal or transfer. This will not prevent us from requiring you to sign a general release of claims as part of a settlement of a dispute or from requiring you, upon renewal or transfer of the Franchise Agreement, to sign a release of claims other than those under the franchise laws of Indiana.

## FRANCHISE AGREEMENT RIDER - INDIANA

For purposes of complying with the requirements of the Indiana Franchises Act, Ind. Code Ann. §§ 1 – 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (the "DFPA"), Rytech Franchising, Inc. ("Rytech") and_____("Franchisee") hereby amend the Franchise Agreement between them dated_____(the "Agreement") as follows:

1. The DFPA provides rights to franchisees concerning nonrenewal and termination of a franchise. To the extent the Agreement contains a provision that is inconsistent with the DFPA, the DFPA will control.

2. Section 1 of the DFPA forbids that a franchise agreement between a franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana contain certain provisions. To the extent that any provision in the Franchise Agreement contains such a provision, the Agreement is amended to the extent necessary to conform to the DFPA.

3. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of Indiana law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

4. Rytech reserves the right to challenge the enforceability of any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement.

5. All other provisions of the Agreement are hereby ratified and confirmed.

Dated:_____

RYTECH FRANCHISING, INC.

By: _____

FRANCHISEE:

By: _____

By: _____

By: _____

By: _____

**MARYLAND ADDENDUM TO THE**
**FRANCHISE DISCLOSURE DOCUMENT**

Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit operator/area representative may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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.

## FRANCHISE AGREEMENT RIDER – MARYLAND

The following terms and conditions control the Rytech Franchising, Inc. Franchise Agreement to which this Rider is attached:

1. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

3. All representations requiring Franchisee 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.

4. 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.

RYTECH FRANCHISING, INC.

By: _____

FRANCHISEE:

By: _____

By: _____

By: _____

By: _____

**THE FOLLOWING APPLIES ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

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

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

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

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

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

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

(i) The failure of the proposed transferee to meet the franchisors 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.**

Any questions regarding this notice should be directed to the Consumer Protection Division, Attn: Franchise, G. Mennen Williams Building, 7th Floor, 525 W. Ottawa St., P.O. Box 30212, Lansing, MI 48909 (517) 373-7117.

**MINNESOTA ADDENDUM**
**TO**
**FRANCHISE DISCLOSURE DOCUMENT**

1. The following legend is added to the Risk Factors on the Risk Factors Page:

MINN. STAT. §80C.21 AND MINN. RULE 2860.4400(J) PROHIBITS THE FRANCHISOR FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA, THE WAIVER OF ANY RIGHTS UNDER MINNESOTA LAW, FRANCHISE OWNER'S WAIVER OF A JURY TRIAL, THE FRANCHISOR OBTAINING INJUNCTIVE RELIEF (BUT THE FRANCHISOR MAY SEEK INJUNCTIVE RELIEF) OR REQUIRING THE FRANCHISE OWNER TO CONSENT TO LIQUIDATED DAMAGES, TERMINATIONS, PENALTIES, OR JUDGMENT NOTES. IN ADDITION, NOTHING IN THE FRANCHISE DISCLOSURE DOCUMENT OR AGREEMENT(S) CAN ABROGATE OR REDUCE ANY OF FRANCHISE OWNER'S RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR FRANCHISE OWNER'S RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION. ONLY A COURT MAY DETERMINE IF A BOND IS REQUIRED.

2. The following is added to Item 13:

The Company will protect your right to use it's Marks. The Minnesota Department of Commerce required Franchisors to indemnify Franchiser against liability to third parties resulting from claims by third parties that the Franchiser's use of the Company's marks infringes upon the trademark rights of the third party. Any provision to the contrary is void.

3. The following statement is added at the end of Item 17(c) and 17(m):

(Any release signed in connection with this Agreement will not apply to any claims that may arise under the Minnesota Franchise Act.)

4, The following statement is added at the end of Item 17:

Minnesota law provides a Franchise Owner with certain termination and nonrenewal rights. Minn. Stat. Sec. 80C.14 Subd. 3, 4, and 5 require, except in certain specified cased, that a Franchise Owner be given 90 day's notice of termination (with 60 days to cure) and 180 day's notice for nonrenewal of the applicable agreement.

5. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C. 17, Subd. 5; i.e.. No action may be commenced under this Section more than three years after the cause of action accrues.

6. No statement, questionnaire, or acknowledgement 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 with the franchise.

**MINNESOTA ADDENDUM**
**TO**
**FRANCHISE AGREEMENT**

Minnesota Statutes, Section 80C.2 1 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C. 14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C. 17, Subd. 5. No action may be commenced under this Section more than three years after the cause of action accrues.

No statement, questionnaire, or acknowledgement 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 with the franchise.

Pertinent sections of the Franchise Agreement are amended to comply with the above referenced requirements of the Minnesota Franchise Act.

RYTECH FRANCHISING, INC.

By: _____

FRANCHISEE:

By: _____

By: _____

By: _____

**NEW YORK ADDENDUM TO**
**FRANCHISE DISCLOSURE DOCUMENT**

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law;
fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is

subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to 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 Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

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

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. 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.

**VIRGINIA ADDENDUM**
**TO**
**FRANCHISE DISCLOSURE DOCUMENT**

The following information is added to "**Special Risks to Consider About *This* Franchise**" of the Franchise Disclosure Document:

## FRANCHISE AGREEMENT RIDER – VIRGINIA

The following terms and conditions control the Rytech Franchising, Inc. Franchise Agreement to which this Rider is attached:

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

## WASHINGTON FRANCHISE AGREEMENT ADDENDUM

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

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

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

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

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

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

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

(Signature on next page)

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

_____ _____

FRANCHISOR FRANCHISEE

# EXHIBIT E: LIST OF FRANCHISEES

| | ***FRANCHISED LOCATIONS*** | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | Rytech of Greater Mobile, AL | JAL, LLC | 2049 Reservation Road | Gulf Breeze | FL (AL) | 32563 | 850-712-3316 |
| 2 | Rytech of Metro Phoenix, AZ | Metro Phoenix Water and Mold Corp. | 877 Daffodil Ct. | Simi Valley, | CA (AZ) | 93065 | 805-300-5364 |
| 3 | Rytech of Orange County | Renac Restoration, Inc. | 1061 N. Shepard Street; Suite A | Anaheim | CA | 92806 | 661-435-9051 |
| 4 | Rytech West Coast San Diego | RWCSD, Inc. | 2780 La Mirada Drive; Suite A | Vista | CA | 92081 | 760-271-5174 |
| 5 | Rytech Ventura County | Southern California Water & Mold LLC | 383 Science Drive | Moorpark | CA | 93021 | 805-300-5364 |
| 6 | Rytech of South Orange County | Southern Orange County | 2780 La Mirada Drive; Suite A | Vista | CA | 92081 | 760-271-5174 |
| 7 | Rytech Western Riverside County (CA) | The Sun Team LLC | 28822 Old Town Front Street; Suite 303 | Temecula | CA | 92590 | 951-972-0281 |
| 8 | Rytech of South San Bernardino County (CA) | SoCal Dreams LLC | 1680 Illinois Avenue, #8 | Perris | CA | 92571 | 951-972-0281 |
| 9 | Rytech of West Los Angeles | Cervantes Cleaning and Restoration LLC | 1417 Greenberry Drive | La Puente | CA | 91744 | 626-423-7048 |
| 10 | Rytech of Central San Diego | RWCSD, Inc. | 2780 La Mirada Drive; Suite A | Vista | CA | 92081 | 760-271-5174 |
| 11 | Rytech of South San Diego | RWCSD, Inc. | 2780 La Mirada Drive; Suite A | Vista | CA | 92081 | 760-271-5174 |
| 12 | Rytech of Southwest Los Angeles | Southwest LA, Inc. | 2780 La Mirada Drive; Suite A | Vista | CA | 92081 | 760-271-5174 |
| 13 | Rytech of Sacramento | SoCal Dreams, LLC | 1680 Illinois Avenue, #8 | Perris | CA | 92571 | 951-972-0281 |
| 14 | Rytech Denver | Daniel R. Powell, LLC | 2255 Sheridan St, #C217 | Lakewood | CO | 80214 | 303-257-1143 |
| 15 | Rytech of Lee County | Insurance Fire & Water | 2149 Andrea | Fort Myers | FL | 33912 | 239-274-3082 |

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|---|---|---|---|---|---|---|---|
| | | Restorations LLC | Lane; Unit 1 | | | | |
| 16 | Rytech of Collier County | Insurance Fire & Water Restorations LLC | 2149 Andrea Lane; Unit 1 | Fort Myers | FL | 33912 | 239-274-3083 |
| 17 | Rytech Central Florida | KDW Enterprizes, Inc. | 3928 Anchuca Drive; Unit 10 | Lakeland | FL | 33811 | 407-341-6916 |
| 18 | Rytech Tallahassee - Capitol District | Madison Restoration Group, Inc. | 870-7 Blountstown Highway | Tallahassee | FL | 32304 | 772- 202-6662 |
| 19 | Rytech Treasure Coast | Madison Restoration Group, Inc. | 418 Lake Whitney Place | Port St. Lucie | FL | 34986 | 772- 202-6663 |
| 20 | Rytech of Gainesville-Ocala | NATS Services, Inc | 19337 NW CR 235 | Lake Butler | FL | 32054 | 352-745-6567 |
| 21 | Rytech Broward - Tri-Counties | Pinnacle Management Systems, LLC | 10224 NW 50th Street | Sunrise | FL | 33351 | 954-960-6327 |
| 22 | Rytech Miami Dade - dba/Tri-Counties | Pinnacle Management Systems, LLC | 10224 NW 50th Street | Sunrise | FL | 33351 | 954-960-6327 |
| 23 | Rytech Palm Beach - Tri-Counties | Pinnacle Management Systems, LLC | 10224 NW 50th Street | Sunrise | FL | 33351 | 954-960-6327 |
| 24 | Rytech North Central FL - Flagler-Volusia | RPB1, LLC | 7 Chesney Court | Palm Coast | FL | 32137 | 386-383-8001 |
| 25 | Rytech North Central FL - Brevard | RPB1, LLC | 7 Chesney Court | Palm Coast | FL | 32138 | 386-383-8002 |
| 26 | Rytech First Coast - St. Johns Clay | W.L. Black LLC | 2958 Front Road | Jacksonville | FL | 32257 | 904-226-4289 |
| 27 | Rytech First Coast - Nassau-Duval | W.L. Black LLC | 2958 Front Road | Jacksonville | FL | 32257 | 904-226-4290 |
| 28 | Rytech of Greater Pensacola | JAL, LLC | 2049 Reservation Rd | Gulf Breeze | FL | 32563 | 850-712-3316 |
| 29 | Rytech Restoration of Southern Hillsborough | Tru-Renovations, LLC | 3810 Creekside Park Drive | Parrish | FL | 34219 | 813-727-3062 |

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|---|---|---|---|---|---|---|---|
| 30 | Rytech Restoration of Greater Tampa Bay | Champa Bay Restoration, LLC | 10532 Alico Pass | New Port Richey | FL | 34655 | 904-553-4618 |
| 31 | Rytech Restoration of North Pinellas | Champa Bay Restoration, LLC | 10532 Alico Pass | New Port Richey | FL | 34655 | 904-553-4618 |
| 32 | Rytech Restoration of St. Pete | Champa Bay Restoration, LLC | 10532 Alico Pass | New Port Richey | FL | 34655 | 904-553-4618 |
| 33 | Rytech NE Georgia | Shipp Enterprises, Inc. | 3631 Explorer Trail, Ste D | Oakwood | GA | 30566 | 770-539-0638 |
| 34 | Rytech Restoration of Marietta | Carolina Restoration, Inc. | 1710 Cumberland Point Drive SE, Suite 2 | Marietta | GA | 30067 | 864-710-4060 |
| 35 | Rytech of Tri-State | Six in the Sticks, LLC | 100 Sky Valley | Blairsville | GA | 33351 | 954-960-6327 |
| 36 | Rytech of Gwinnett County, GA | Carolina Restorations, LLC | 206 Azalea Drive | Lexington | SC (GA) | 29072 | 864-710-4060 |
| 37 | Rytech of Dupage County (Chicago) | Duco Drying, LC | 16444 Cherry Creek Court | Joliet | IL | 60433 | 630-359-7458 |
| 38 | Rytech of NW Chicago | L&S Management Team, LLC | 32 West 057 Churchill Lane | Wayne | IL | 60184 | 630-204-5798 |
| 39 | Rytech Baton Rouge | HPL Enterprises LLC | 17732 Highland rd. Ste G Box 262 | Baton Rouge | LA | 70810 | 504-610-8959 |
| 40 | Rytech New Orleans (Greater) | HPL Enterprises LLC | 5000 West Esplanade Ave. #251 | Metairie | LA | 70006 | 504-610-8959 |
| 41 | Rytech of Lake Charles - Lafayette | HPL Enterprises LLC | 6820 Veterans Memorial Bld. Suite B | Metairie | LA | 70003 | 504-610-8959 |
| 42 | Rytech of South Western Baltimore Cty | Northwest Property Restoration | 11521 Cronridge Drive, Suite D | Owings Mills | MD | 21117 | 443-235-0174 |
| 43 | Rytech of North Metro | Triumph Group, LLC | 14511 Hampstead Way | Laurel | MD | 20707 | 301-9161 |

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|---|---|---|---|---|---|---|---|
| 44 | Rytech of Southwestern Maryland | Northwest Property Restoration | 11521 Cronridge Drive, Suite D | Owings Mills | MD | 21117 | 443-235-0174 |
| 45 | Rytech of North St. Louis County | Emergency Property Services, LLC. | 10420 Ponderosa Dr | Foristell | MO | 63348 | 317-606-9718 |
| 46 | Rytech of St. Charles County | Emergency Property Services, LLC. | 10420 Ponderosa Dr | Foristell | MO | 63348 | 317-606-9718 |
| 47 | Rytech of MS Gulf Coast | HJJD Enterprises, LLC | 7023 Magnolia St. | Bay St. Louis | MS | 39520 | 256-520-6269 |
| 48 | Rytech Charlotte, NC | Panther Restorations, LLC | Box 448 | Ooltewah | TN (NC) | 37363 | 423-702-1256 |
| 49 | Rytech of Greater Raleigh | Petra Investments, LLC | 4901 Wynneford Way | Raleigh | NC | 27614 | 423-702-1256 |
| 50 | Rytech of Western Bergen County | Constructive Restoration LLC | 110 Breakneck Road | Oakland | NJ | 07436 | 862-368-8676 |
| 51 | Rytech of SW Maryland | Total Restoration Services, LLC | 10593 JACK PINE LANE | WALDORF | MD | 20603 | 1-800-829-4933 |
| 52 | Rytech of Central New Mexico | D and C Restoration, LLC | 3600 Cerrillos Road, Suite 1107 | Santa Fe | NM | 37507 | 505-920-1039 |
| 53 | Rytech Long Island | CRS Emergency Services, Inc. | 2140 Pond Road, Unit 11 | Ronkonkoma | NY | 11779 | 631-737-5050 |
| 54 | Rytech Mid-Hudson | WNDY, LLC | 52 Pine Woods Drive | Hyde Park | NY | 12538 | 845-625-8636 |
| 55 | Rytech of Northeast Philadelphia | Pulse Damage Mitigation Services, LLC | 371 Judith Drive | Southampton | PA | 18966 | 215-416-3449 |
| 56 | Rytech of Delaware County | Pulse Damage Mitigation Services LLC | 371 Judith Drive | Southampton | PA | 18966 | 215-416-3449 |
| 57 | Rytech of the Midlands (SC) | Carolina Restoration LLC | 1310-B Haviland Circle | Columbia | SC | 29210 | 864-710-4060 |
| 58 | Rytech of Pee Dee - | Carolina | 1212 Broughton | Florence | SC | 29501 | 864-710-4060 |

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|---|---|---|---|---|---|---|---|
| | Florence | Restoration LLC | Blvd | | | | |
| 59 | Rytech of Pee Dee - Myrtle Beach | Carolina Restoration LLC | 1212 Broughton Blvd | Florence | SC | 29501 | 864-710-4060 |
| 60 | Rytech of Charleston | Carolina Coast Water and Mold, LLC | 784 Post Oak Dr | Mt. Pleasant | SC | 29464 | 843-437-5040 |
| 61 | Rytech of the Upstate (Greenville) | Carolina Restoration LLC | 1155 Rogers Bridge Road | Duncan | SC | 29334 | 864-710-4060 |
| 62 | Rytech of Metro Memphis | Action Emergency Services, Inc. | 4552 Charleswood Ave | Memphis | TN | 38117 | 901 288 5774 |
| 63 | Rytech of East TN (Knoxville) | Huss LLC | 2422 East Broadway Avenue | Maryville | TN | 37804 | 865-287-5309 |
| 64 | Rytech of Middle TN (Nashville) - (New Ownership) | LOMLRMP, LLC | 501 Metroplex Drive; Suite 207 | Nashville | TN | 37211 | 561-379-4971 |
| 65 | Rytech Greater Chattanooga | PATH Strategies, LLC | 1727 Ray Jo Circle | Chattanooga | TN | 37421 | 423-702-1256 |
| 66 | Rytech of Texas Gulf Coast | PJ Restoration, LLC | 12335 Kingsride Lane; #239 | Houston | TX | 77024 | 713-624-0578 |
| 67 | Rytech of Southwest Houston | PJ Restoration, LLC | 12335 Kingsride Lane; #239 | Houston | TX | 77024 | 713-624-0578 |
| 68 | Rytech Austin (TX) | TMJ Restoration LLC | 3019 N. Interstate 35 Frontage Road | Round Rock | TX | 78664-2407 | 832-423-7047 |
| 69 | Rytech Dallas | TMJ Restoration LLC | 2100 N. Highway 360; Ste 906 | Grand Prairie | TX | 75050 | 832-423-7047 |
| 70 | Rytech Houston | TMJ Restoration LLC | 5750 N. Sam Houston Pkwy E; Ste 505 | Houston | TX | 77032 | 832-423-7047 |
| 70 | Rytech North Houston | TMJ Restoration LLC | 5750 N. Sam Houston Pkwy E; Ste 505 | Houston | TX | 77032 | 832-423-7047 |
| 71 | Rytech of Bell County | JBF Restoration LLC | 2322 S. 57th Street | Temple | TX | 76204 | 281-730-2981 |
| 72 | Rytech of San Antonio | TMj Restoration, | 20311 Hillsdie | Cypress | TX | 20311 | 832-423-7047 |

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|---|---|---|---|---|---|---|---|
| | | LLC | Grove Lane | | | | |
| 73 | Rytech of College Station/Georgetown | JBEF Restoration, LLC | 2322 south 57th Street | Temple | TX | 76504 | 281-730-2981 |
| 74 | Rytech of Galveston | PJ Restoration, LLC | 12335 Kingsride Lane; #239 | Houston | TX | 77024 | 713-624-0578 |
| 75 | Rytech of Clear Lake | PJ Restoration, LLC | 12335 Kingsride Lane; #239 | Houston | TX | 77024 | 713-624-0578 |
| 76 | Rytech Restoration of the Woodlands | MLJ Services, Inc. | 32822 Westwood Square West Dr. | Magnolia | TX | 77354 | 832-888-6240 |
| 77 | Rytech of West Texas | The Haile Project LLC | 2209 Marcie Lane | Midland | TX | 79707 | 432-413-6163 |
| 78 | Rytech of Northern Virginia | American Flood Restoration, LLC | 10188 Bens Way | Manassas | VA | 20110 | 703-389-0046 |
| 79 | Rytech of Seattle, WA | Orange County Water and Mold, LLC | 877 Daffodil Ct. | Simi Valley | CA (WA) | 93065 | 805-300-5364 |
| 80 | Rytech of Milwaukee | RKD Mitigation, LLC | 17145 SW, Blouemound Road #109 | Brookfield | WI | 63005 | 630-359-7458 |

FRANCHISEES WHO WHERE NOT YET OPERATIONAL AT THE FRANCHISOR'S LAST FISCAL YEAR:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | Rytech Restoration of Silver Spring | Patapsco Restoration, LLC | 11317 Columbia Pike | Silver Springs | MD | 20904 | 240-347-2717 |
| 2 | Rytech Restoration of Ontario | Lopez Restoration LLC | 1130 W 4th St, Unit 1 | Ontario | CA | 91762 | 909-529-2909 |
| 3 | Rytech Restoration of East Montgomery County | Northwest Property Restoration LLC | 10038 Ardenne Way | Owing Mills | MD | 21117 | 443-235-0174 |
| 4 | Rytech of Lexington | Huss LLC | 2422 East Broadway Avenue | Maryville | TN | 37804 | 865-287-5309 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5 | Rytech Restoration of Washington, DC | Pro-Structure, LLC | 14511 Hampstead Way | Laurel | MD | 20707 | 301-618-9161 |

# EXHIBIT F: LIST OF FRANCHISEES WHO LEFT THE SYSTEM IN 2022

Exhibit F lists the name, city and state, and the current business telephone number (or, if unknown, home) of every franchisee who ceased to do business under the franchise agreement or had an outlet terminated, canceled, not renewed, transferred, within the last fiscal year, or who has not communicated with the franchisor within 10 weeks of the application date.

Closed:

| | | | | | | |
|---|---|---|---|---|---|---|
| Rytech of Southeast Atlanta | Reynolds Restoration Group Inc & R Team LLC | 4772 Castlewood Drive SW | Lilburn | GA | 30047 | 678-508-6276 |
| Rytech of Northwest Georgia | Lambert Enterprises, LLC | 4621 Meadows Rd. | Powder Springs | GA | 30127 | 770-231-4793 |
| Rytech Southern New England | RDK Restoration, Inc. | 5 Easting Road | Bourne | MA | 02532 | 772-834-6089 |
| Rytech of Middle Georgia | ARM Enterprises, LLC | 2505 Moody Road | Werner Robins | GA | 31088 | 478-923-5642 |

Transferred:

| | | | | | | |
|---|---|---|---|---|---|---|
| Rytech of Central New Mexico | US C and R LLC | 2003 Southern Blvd; Ste 102-126 | Rio Ranch | NM | 87124 | 505-203-3447 |

# EXHIBIT G: FINANCIAL STATEMENTS OF FRANCHISOR

# Rytech Franchising, Inc.
# (a wholly-owned Subsidiary of Rybrands, Inc.)

## Financial Statements

## December 31, 2022, 2021, and 2020

# Rytech Franchising, Inc.
# (a wholly-owned Subsidiary of Rybrands, Inc.)

## Financial Statements

## December 31, 2022, 2021, and 2020

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MAULDIN & JENKINS
CPAs & ADVISORS

## INDEPENDENT AUDITORS' REPORT

To the Stockholder of
Rytech Franchising, Inc.
(a wholly-owned Subsidiary of Rybrands, Inc.)

### Opinion

We have audited the accompanying financial statements of **Rytech Franchising, Inc**. (a wholly-owned Subsidiary of Rybrands, Inc.), which comprise the balance sheets as of December 31, 2022, 2021 and 2020, and the related statements of operations and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rytech Franchising, Inc. 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.

### Prior Period Financial Statements

The financial statements of Rytech Franchising, Inc. (a wholly-owned Subsidiary of Rybrands, Inc.) as of December 31, 2021 and 2020, were audited by Holland Shipes Pennix, LLP, who merged with Mauldin & Jenkins, LLC as of June 1, 2022, and whose report dated February 3, 2022, expressed an unmodified opinion on those statements.

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rytech Franchising, Inc.'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 Rytech Franchising, Inc.'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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 9, 2023

**Rytech Franchising, Inc.**

**Balance Sheets**

| **December 31,** | **2022** | 2021 | 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | **$ 739,751** | $ 946,449 | $ 951,467 |
| Accounts receivable, less allowance for doubtful accounts of $170,000 (2022, 2021 and 2020) | **604,314** | 605,957 | 505,533 |
| Due from related party | **-** | 140,000 | 200,000 |
| Deferred franchise costs | **56,209** | 43,082 | 32,784 |
| Other current assets | **4,723** | 44,517 | 57,500 |
| | **1,404,997** | 1,780,005 | 1,747,284 |
| **Deferred franchise costs,** less current portion | **351,973** | 303,414 | 220,317 |
| | **$ 1,756,970** | $ 2,083,419 | $ 1,967,601 |
| **Liabilities and Stockholder's Equity** | | | |
| **Current liabilities** | | | |
| Current portion of note payable | **$ -** | $ - | $ 190,360 |
| Accounts payable | **133,412** | 105,235 | 149,665 |
| Accrued advertising | **95,232** | 57,640 | 159,471 |
| Deferred revenue on initial franchise fees | **193,643** | 170,088 | 143,858 |
| Other current liabilities | **-** | 5,826 | 12,645 |
| | **422,287** | 338,789 | 655,999 |
| **Deferred revenue on initial franchise fees,** less current portion | **1,028,007** | 955,175 | 857,423 |
| **Stockholder's equity** | | | |
| Common stock, 100,000 shares authorized with $.01 par value; 1,000 shares issued and outstanding | **10** | 10 | 10 |
| Paid-in capital | **990** | 990 | 990 |
| Retained earnings | **305,676** | 788,455 | 453,179 |
| | **306,676** | 789,455 | 454,179 |
| | **$ 1,756,970** | $ 2,083,419 | $ 1,967,601 |

*See accompanying notes to financial statements.*

**Rytech Franchising, Inc.**

**Statements of Operations and Retained Earnings**

| **Year Ended December 31,** | **2022** | 2021 | 2020 |
|---|---|---|---|
| **Revenues** | | | |
| Franchise royalty fees | **$ 3,206,752** | $ 3,035,388 | $ 2,753,454 |
| Initial franchise fees | **231,563** | 189,219 | 163,743 |
| | **3,438,315** | 3,224,607 | 2,917,197 |
| **Expenses** | | | |
| Selling, general and administrative expenses | **2,721,094** | 2,229,691 | 1,864,330 |
| **Income from operations** | **717,221** | 994,916 | 1,052,867 |
| **Other income** | | | |
| Gain on extinguishment of debt (Note 3) | - | 190,360 | - |
| | - | 190,360 | - |
| **Net income** | **717,221** | 1,185,276 | 1,052,867 |
| **Dividends** | **(1,200,000)** | (850,000) | (725,000) |
| **Retained earnings,** at beginning of year | **788,455** | 453,179 | 125,312 |
| **Retained earnings,** at end of year | **$ 305,676** | $ 788,455 | $ 453,179 |

*See accompanying notes to financial statements.*

**Rytech Franchising, Inc.**

**Statements of Cash Flows**

| **Year Ended December 31,** | **2022** | 2021 | 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income | **$ 717,221** | $ 1,185,276 | $ 1,052,867 |
| Adjustments to reconcile net income to net cash provided by operating activities:- | | | |
| Gain on extinguishment of debt | **-** | (190,360) | - |
| Changes in assets and liabilities: | | | |
| Accounts receivable | **1,643** | (100,424) | (6,064) |
| Deferred franchise costs | **(61,686)** | (93,395) | (94,727) |
| Other current assets | **39,794** | 12,983 | (53,583) |
| Accounts payable | **28,177** | (44,430) | 68,726 |
| Accrued advertising | **37,592** | (101,831) | 60,152 |
| Franchise deposits | **-** | - | (45,000) |
| Deferred revenue on initial franchise fees | **96,387** | 123,982 | 157,727 |
| Other current liabilities | **(5,826)** | (6,819) | 3,114 |
| | **136,081** | (400,294) | 90,345 |
| **Net cash provided by operating activities** | **853,302** | 784,982 | 1,143,212 |
| **Cash flows from financing activities** | | | |
| Advances from (payments to) related party | **140,000** | 60,000 | (89,606) |
| Proceeds from borrowing on note payable | **-** | - | 190,360 |
| Dividends paid | **(1,200,000)** | (850,000) | (725,000) |
| **Net cash used in financing activities** | **(1,060,000)** | (790,000) | (624,246) |
| **Net increase (decrease) in cash and cash equivalents** | **(206,698)** | (5,018) | 518,966 |
| **Cash and cash equivalents** at beginning of year | **946,449** | 951,467 | 432,501 |
| **Cash and cash equivalents** at end of year | **$ 739,751** | $ 946,449 | $ 951,467 |

*See accompanying notes to financial statements.*

# Rytech Franchising, Inc.

## Notes to Financial Statements
**December 31, 2022, 2021, and 2020**

---

### 1. Business Organization and Summary of Significant Accounting Policies

**Business Organization**
Rytech Franchising, Inc. (a wholly-owned Subsidiary of Rybrands, Inc.) (the "Company") was incorporated under the laws of the State of Georgia on November 25, 1996. The Company is a franchisor of service establishments that provide water damage restoration and moisture control services.

**Reorganization**
On January 1, 2020, the sole owner of the Company contributed 100% of his common stock to Rybrands, Inc. (a subchapter S Corporation) in exchange for common stock. As a result of this contribution, the Company is now solely owned by Rybrands, Inc.

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

**Initial Franchise Fee and Royalty Fee**
The Company requires a nonrefundable initial franchise fee of $39,900 upon execution of a franchise agreement. The franchise agreement has a term of 10 years and provides a franchisee with certain renewal options and rights to terminate the franchise agreement before the term of the agreement.

Franchisees are required to pay monthly royalty fees based on a percentage of gross receipts.

Under the terms of the agreement, the Company is obligated to provide the franchisee with an initial training program for the franchisee's personnel. In addition, the Company will furnish a representative for the purpose of facilitating the opening of the franchise owner's Rytech office.

**Administrative Support Services**
Each franchisee must use certain administrative support services provided by Rytech Admin Services, a Company related through common ownership. These services include, but are not limited to, receiving new jobs and dispatching assignments, creating job estimates, invoicing and billing, maintaining accounts receivable and other administrative services.

Franchisees are required to pay monthly administrative fees to Rytech Admin Services based on a percentage of gross receipts.

**Revenue Recognition**
The Company's revenues consist of royalty fees from franchisees based on a percentage of gross receipts and initial franchise fees from new franchised locations.

The Company recognizes revenue in accordance with ASU 2014-09 (Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. This standard provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. This standard does not

impact the Company's recognition of royalties from franchisees, which are based on a percent of gross receipts and is recognized at the time the underlying transaction occurs. The standard does, however, change the timing in which the Company recognized initial fees from franchisees for new franchise locations and new franchise terms. Initial franchise fees are being recognized as the Company satisfies the performance obligation over the franchise term, which is generally 10 years.

**Cash and Cash Equivalents**
The Company considers all highly liquid investments with a maturity of three months or less when purchased to be "cash equivalents."

**Concentration of Credit Risk**
Financial instruments which potentially subject the Company to a concentration of credit risk consist principally of temporary cash investments and trade receivables. The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. To limit the amount of credit exposure, the Company places its temporary cash investments with quality financial institutions.

Credit is granted to franchisees in the normal course of business, generally without collateral or other security to support amounts due. The Company collects the majority of its accounts receivable within 60 days and does not accrue service charges on past due accounts. Accounts receivable are evaluated on an ongoing basis and written off annually, if required.

**Advertising and Marketing**
The Company expenses advertising and marketing costs as they are incurred. These costs totaled $151,307 (2022), $30,402 (2021) and $33,855 (2020). Costs incurred by the National Advertising Fund totaled $451,922 (2022), $391,487 (2021) and $257,811 (2020) (See Note 4). Costs incurred by the Florida Cooperative Advertising Fund totaled $197,564 (2022), $234,848 (2021) and $221,894 (2020) (see Note 5).

**Evaluation of Subsequent Events**
Management has evaluated subsequent events from the balance sheet date through March 9, 2023, which is the date the financial statements were available to be issued and has determined there are no subsequent events requiring disclosure.

**Fair Value Measurement**
The carrying amounts of the Company's current assets and liabilities and notes receivable approximate their respective fair market value because of the short-term nature of these instruments.

## 2. Master Development Agreement

The Company may grant to persons who own a Rytech franchise, the right to operate as a Master Developer. A Master Developer assists in rendering services to franchisees. There is currently one Master Developer.

The Company requires a non-refundable license fee of $100,000 upon execution of a Master Development Agreement. The Master Development Agreement has a term of 5 years and provides for

certain renewal options. A Master Developer is entitled to 50% of the initial franchise fee and continuing royalty fees paid by each franchise located in a designated territory.

Franchise fees paid to the Master Developer for his portion of fees collected were $240,159 (2022), $299,577 (2021) and $136,397 (2020).

### 3. Note Payable – Paycheck Protection Program

On May 6, 2020, the Company received funds pursuant to the Paycheck Protection Program (the "PPP Loan") under the Coronavirus Aid, Relief, and Economic Security Act (The "CARES Act") administered by the U.S. Small Business Administration ("SBA"). The Company received proceeds totaling $190,360. In accordance with the requirements of the CARES Act, the proceeds were to be used primarily for payroll costs. The PPP Loan was scheduled to mature on May 6, 2022, had a 1.00% interest rate and was subject to the terms and conditions applicable to loans administered by the SBA under the CARES Act. If certain conditions are met, as provided under section 1106 of the CARES Act and as amended by the PPP Flexibility Act, the loan may be forgiven in its entirety. On June 15, 2021, the SBA approved full forgiveness of this debt and it has been included in other income as gain on extinguishment of debt.

### 4. National Advertising Fund

The Company has an established National Advertising Fund to promote the goodwill and public image of the Rytech network and to develop brand enhancement programs and materials it deems appropriate. All contributions to the National Advertising Fund are to be used exclusively for these purposes. Franchisees are required to contribute 1% of their gross sales to this fund.

The National Advertising Fund assets and liabilities are as follows:

| Account | **2022** | 2021 | 2020 |
|---|---|---|---|
| Cash and cash equivalents | $ **48,866** | $ 22,248 | $ 30,468 |
| Accounts receivable | $ **97,999** | $ 91,942 | $ 67,036 |
| Accounts payable | $ **(73,184)** | $ (24,989) | $ (36,396) |
| Accrued advertising | $ **(73,681)** | $ (89,201) | $ (61,108) |

For financial statement presentation purposes on the accompanying balance sheets, the amount of the accounts payable balances above that are payable to the Company were eliminated with the Company's accounts receivable balances for each respective year.

### 5. Florida Cooperative Advertising Fund

The Company has an established Florida Cooperative Advertising Fund to promote the goodwill and public image of the Rytech network located in Florida and to develop brand enhancement programs and materials it deems appropriate. All contributions to the Florida Cooperative Advertising Fund are to be used exclusively for these purposes. Florida franchisees are required to contribute 3% of their gross sales to this fund.

The Florida Cooperative Advertising Fund assets and liabilities are as follows:

| Account | **2022** | 2021 | 2020 |
|---|---|---|---|
| Cash and cash equivalents | $ **26,220** | $ 5,648 | $ 69,537 |
| Accounts receivable | $ **31,726** | $ 20,058 | $ 29,181 |
| Accounts payable | $ **(37,022)** | $ (57,267) | $ (355) |
| Prepaid (accrued) advertising | $ **(20,924)** | $ 31,561 | $ (98,363) |

For financial statement presentation purposes on the accompanying balance sheets, the amount of the accounts payable balances above that are payable to the Company were eliminated with the Company's accounts receivable balances for each respective year.

### 6. Related Party Transactions

The Company shares office facilities and certain personnel with Rytech Admin Services, a company related through common ownership. Rytech Admin Services pays all office and personnel expenses and charges the Company for its estimated proportionate share. These expenses totaled $120,000 (2022, 2021 and 2020).

Royalty fees paid by franchises owned by the Company's sole shareholder totaled approximately $145,000 (2022), $218,000 (2021) and $318,000 (2020). At December 31st, accounts receivable from these franchises totaled approximately $40,000 (2022), $36,000 (2021) and $67,000 (2020).

The Company made advances to a related party totaling $140,000 (2021) and $200,000 (2020). At December 31, 2022, there were no advances to related parties.

The Company incurs operating expenses that are paid for by companies related through common ownership. At December 31st, amounts due to these companies totaled $54,729 (2022), $40,181 (2021) and $73,534 (2020).

Rybrands, Inc., sole owner, charges the Company for management administrative services. These fees totaled $920,000 (2022), $870,000 (2021) and $775,176 (2020).

**7. Income Taxes**

The Company is wholly owned by Rybrands, Inc. and is treated as a disregarded entity for income tax purposes. Therefore, all income and expenses will be reported on the tax return of Rybrands, Inc.

Rybrands, Inc. has elected to be taxed under the provisions of subchapter S of the Internal Revenue Code. Under such provisions, the Company does not pay corporate income taxes on its taxable income. Instead, the stockholders are liable for individual income taxes on the Company's taxable income. Accordingly, these financial statements contain no provision for income taxes.

The Company accounts for income taxes with respect to uncertain tax positions under ASC 740-10. This standard requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. Only tax positions that meet the more likely than not recognition threshold are disclosed in accordance with ASC 740.

Management does not believe that the Company has any material uncertain tax positions at December 31, 2022; however, the Company's tax returns for the year ended December 31, 2019 and forward remain subject to examination by relevant taxing authorities.

MAULDIN & JENKINS
CPAs & ADVISORS

CONSENT OF MAULDIN & JENKINS, LLC

Independent Auditors' Consent

Mauldin & Jenkins, LLC consents to the use in the Franchise Disclosure Document issued by Rytech Franchising, Inc. on April 1, 2022, as it may be amended, of our report dated March 9, 2023, relating to the financial statements of Franchisor for the period ending December 31, 2022, 2021, and 2020.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 9, 2023



Ry

Revised August 2, 2023

# EXHIBIT H: CONFIDENTIALITY AGREEMENT FOR PROSPECTIVE FRANCHISEE

CONFIDENTIALITY AGREEMENT FOR PROSPECTIVE FRANCHISEE

THIS AGREEMENT, made and entered into this ___ day of _____, _____, by and between Rytech Franchising, Inc., a Georgia Corporation (hereinafter referred to as the "Company") and _____a resident of _____ (hereinafter referred to as "Prospective Franchisee");

RECITALS:

A. Prospective Franchisee desires to obtain certain confidential and proprietary information from Rytech Franchising, Inc. for the sole purpose of inspecting and analyzing the information in an effort to determine whether to purchase a franchise from Rytech Franchising, Inc. and;

B. Rytech Franchising, Inc. is willing to provide such information to Prospective Franchisee for the limited purpose and under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1. DEFINITION. "Confidential Information" is used herein this Agreement to mean all information and documentation disclosed to or made available to Prospective Franchisee by Rytech Franchising, Inc., whether orally or in writing, as well as any information, documentation or devises heretofore earlier or hereafter later produced by Prospective Franchisee in response to or reliance on the information and documentation made available by Rytech Franchising, Inc.

2. TERM. The parties hereto agree that the restrictions and obligations of Paragraph 3 of this Agreement will be considered to have been in effect from the time of initial disclosure of the Confidential Information.

3. TRADE SECRET ACKNOWLEDGEMENT. Prospective Franchisee acknowledges and agrees the Confidential Information is a valuable trade secret of Rytech Franchising, Inc. and that any disclosure or unauthorized use thereof the Confidential Information will cause irreparable harm and loss to Rytech Franchising, Inc.

4. TREATMENT OF CONFIDENTIAL INFORMATION. In consideration of the disclosure to Prospective Franchisee of Confidential Information, Prospective Franchisee agrees to treat Confidential Information in confidence and to undertake the following additional obligations with respect thereto the Confidential Information:

(a) To use Confidential Information for the sole purpose of inspecting and analyzing the information in an effort to determine whether to purchase a franchise from Rytech

Franchising, Inc.;

(b) Not to disclose Confidential Information to any third party;

(c) To limit dissemination of Confidential Information to only those Prospective Franchisee's officers, directors and employees who have a need to know to perform the limited tasks set forth in Item 4 (a) above; and who have agreed to the terms and obligations of this Agreement by affixing their signatures hereto this Agreement;

(d) Not to copy Confidential Information or any portions thereof it; and

(e) To return the Confidential Information and all documents, notes or physical evidence thereof or relating to the Confidential Information, to Rytech Franchising, Inc. upon a determination that Prospective Franchisee no longer has a need therefore, or a request therefore, the Confidential Information from Rytech Franchising, Inc., whichever occurs first.

5. EVIDENCE OF AGREEMENT Prospective Franchisee agrees that should Prospective Franchisee's business relationship with RYTECH Franchising, Inc. terminate for any reason whatsoever, either before or during the term of an duly executed Franchise Agreement, Prospective Franchisee will disclose the terms of this Agreement to any person, firm, corporation, or other entity with whom Prospective Franchisee seeks to perform services that are similar to the services Prospective Franchisee would be providing if Prospective Franchisee's relationship with Rytech Franchising, Inc., continued. Prospective Franchisee acknowledges that Rytech Franchising, Inc. has the right to make this Agreement known and to disclose its contents to others.

6. SURVIVAL OF OBLIGATIONS. The restrictions and obligations of this Agreement will survive any expiration, termination or cancellation of this Agreement and will continue to bind Prospective Franchisee, his heirs, successors and assigns.

7. NEGATION OF LICENSES. Except as expressly set forth herein this Agreement, no rights to licenses, expressed or implied, are hereby granted to Prospective Franchisee as a result of or related to this Agreement.

8. APPLICABLE LAW. This Agreement will be construed and enforced in accordance with the laws of the State of Georgia. Venue solely lies in Cobb County, Georgia and the federal courts having jurisdiction there.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

PROSPECTIVE FRANCHISEE

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

# EXHIBIT I: GUARANTY

## Guaranty

This Guaranty must be signed by the owners of such owners (referred to as "you" or "your" for purposes of this Guaranty only) of _____ (the "Business Entity") under the Franchise Agreement dated _____, 20___ (the "Franchise Agreement") with Rytech Franchising, Inc. ("us," or "our" or "we"). Terms not defined herein shall have the meaning set forth in the Franchise Agreement.

**Scope of Guaranty**. In consideration of and as an inducement to our signing and delivering the Franchise Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement.

**Waivers**. Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

**Consents and Agreements**. Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Franchise Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, for obligations surviving the termination or expiration of the Franchise Agreement, after its termination or expiration; and (f) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Franchise Agreement and despite the transfer of any interest in the Franchise Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers of the underlying Franchise Agreement or other related agreement.

**Enforcement Costs**. If we are required to enforce this Guaranty in any judicial proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', mediators', arbitrators and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses,

whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

**Effectiveness**. Your obligations under this Guaranty are effective on and from the Franchise Agreement Effective Date, regardless of the actual date of signature.

**Governing Law**. This Guaranty shall be deemed to have been made in and governed by the laws of the State of Georgia, which laws shall prevail in the event of any conflict of law.

**Internal Dispute Resolution**. You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to our President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Guaranty.

**Dispute Resolution**. At our option, all claims or disputes between you and us arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and user, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to mediation and then arbitration as set forth in the Franchise Agreement. This agreement to mediate and arbitrate at our option shall survive the termination or expiration of this Guaranty.

**Third Party Beneficiaries**. Our officers, directors, owners, members, agents, representatives, affiliates, the Cooperative and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation and arbitration provisions incorporated by reference herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

**Injunctive Relief**. Nothing contained in this Guaranty shall prevent us from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interest prior to the filing of any mediation proceeding or pending the arbitration or handing down of a decision or award pursuant to any mediation or arbitration conducted hereunder.

**Jurisdiction and Venue**. With respect to any proceeding not subject to mediation or arbitration, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Cobb County, Georgia and the jurisdiction and venue of the United States District Court in or closest to Cobb County, Georgia.

**Jury Trial Waiver**. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE.

**Waiver of Punitive Damages**. You waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages, and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable, for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

**Waiver of Class Actions**. Each of the parties hereby irrevocably waives the right to litigate on a class action basis, in any action, proceeding, or counterclaim, whether at law or in equity, brought by any party.

| **PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY** | **GUARANTORS** |
|---|---|
| PERCENTAGE: _____% | NAME: _____<br>SIGNATURE: _____<br>DATE: _____ |
| PERCENTAGE: _____% | NAME: _____<br>SIGNATURE: _____<br>DATE: _____ |

# EXHIBIT J: SAMPLE GENERAL RELEASES

MUTUAL GENERAL RELEASE OF CLAIMS

This Release is executed this ____ day of _____, 20____, by_____ of _____, ("Franchisee") and Rytech Franchising, Inc., a Georgia corporation, of 1690 Roberts Blvd. NW, Suite 120, Kennesaw Georgia ("Rytech").

RECITALS

A) Franchisee has been a Rytech franchisee under a Franchise Agreement since _____ ;

B) Franchisee desires to cease being a Rytech franchisee; and

C) Rytech desires that Franchisee cease being a Rytech franchise.

NOW THEREFORE, for good and valuable consideration, the receipt of which is acknowledged, the parties agree as follows:

1. Franchisee's Release. Franchisee and its Owners on behalf of itself and its successors and assigns fully releases and discharges Rytech and its successor and assigns from all rights, claims, and actions arising under the Franchise Agreement, that Franchisee now has or may have after execution of this Release.

2. Rytech's Release. Rytech on behalf of itself and its successors and assigns fully releases and discharges Franchisee and its successors and assigns from all rights, claims, and actions arising under the Franchise Agreement, that Franchisee now has or may have after execution of this Release. But excluded from this Release are the provisions of Article VI, Proprietary Marks; Article VII, Confidentiality of Proprietary Information; Article XVI, Franchise Owner's Obligations upon Termination or Expiration of This Agreement; Article XVII, Covenants; and XXII Enforcement.

3. Voluntary Execution. This Release is freely and voluntarily executed by the parties and neither relies on any inducements, promises, or representations made by other party that are not set forth in this Release.

4. Intent of the Parties. This Release is intended by the parties to release all claims for damages or losses to either party resulting from action or inaction by the other party, exclusive only of the provisions cited in Section 2, above. The parties have read this Release and understand the terms, significance, and consequences and the intention to release all claims. Franchisee understands and acknowledges the significance and consequence of the specific intention to release all claims.

5. Incorporation of Recitals. The recitals written above are incorporated into this Release.

6. General Provisions.

6.1. This Release constitutes the entire agreement between the parties, and there are no agreements, understandings, restrictions, warranties, or representations between the parties other than those set forth in this Release.

6.2. The captions of this Release are for convenience and reference only and in no way define, describe, extend, or limit the scope or intent of this Release or the intent of any provision hereof this Release. Use of the

neuter pronoun is inclusive of the feminine, masculine. Use of the singular pronoun includes the plural, and vice versa. For individuals successors include heirs and other proper assignees.

6.3. It is the intention of the parties that the laws of Georgia will govern the validity of this Release, the construction of its terms, and the interpretation of the rights and duties of the parties. Proper venue rests in Cobb County, Georgia.

6.4. If any action at law or in equity or by alternative dispute resolution mechanism, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Release, the prevailing party, or substantially prevailing party, will be entitled to reasonable attorney's fees in addition to any other relief to which the party may be entitled. The attorney's fees may be set by the tribunal in the same action or in a separate action brought for that purpose.

6.5 This Release may be executed in counterparts, each of which should be considered an original, and all of which together will constitute one Release. The signature of any party to any counterpart, digital edition, or facsimile, may be appended to any other counterpart and when so appended will constitute an original.

6.6 The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

FRANCHISEE

_____

OWNER:

_____
Name:

_____
Name:

FRANCHISOR: RYTECH FRANCHISING, INC.

_____
BY:
ITS AUTHORIZED AGENT

**GRANT OF FRANCHISOR CONSENT AND GENERAL RELEASE**

**Effective Date: _____.**

**Rytech Franchising, Inc.** ("Rytech") and the undersigned franchisee, _____, a _____ (State)(Business Entity) ("Franchisee"), currently are parties to a certain Franchise Agreement (the "Franchise Agreement") dated _____. Franchisee has asked Rytech to take the following action or to agree to the following request: _____. Rytech has the right under the Franchise Agreement to obtain a general release from Franchisee (and, if applicable, Franchisee's owners) as a condition of taking this action or agreeing to this request.

Therefore, Rytech is willing to take the action or agree to the request specified above if Franchisee and Franchisee's owners give Rytech the release and covenant not to sue provided below in this document.

1. Consent. Rytech hereby consents to the Transfer. The foregoing consent is subject to and made in reliance upon the following terms, conditions, representations and warranties:

   i. Franchisee has paid all financial obligations to Rytech arising through the Effective Date, regardless of whether such fees come due or owing until after the Effective Date;

   ii. Franchisee/Transferee has signed a new current franchise agreement which shall be modified to keep the economic terms of the initial franchise agreement;

   iii. The owners of Franchisee have executed person guarantees of the franchise agreement in favor of Rytech;

   v. The transfer fee is paid in the amount of _____, if appliable.

2. Waiver of Right of First Refusal. Rytech hereby waives any right of first refusal that it may have under the Franchise Agreement in connection with the Transfer. Any right of first refusal under the Franchise Agreement shall remain in effect as to future assignments and transfers.

3. Release. In order to induce Rytech to execute this Agreement, Franchisee and its owners, _____, and their affiliates and related entities, and for their and such affiliates and related entities' directors, officers, shareholders, owners, partners, members, employees, representatives, agents, and attorneys and further together with and for the predecessors, successors, heirs, and assigns of any and all of the foregoing (collectively, the "Releasing Parties"), hereby release, remise, acquit, and forever discharge Rytech and its directors, officers, shareholders, owners, partners, members, employees, representatives, agents, and attorneys, and any Rytech affiliates, parents, subsidiaries and related entities, and each and all of their directors, officers, shareholders, owners, partners, members, employees, representatives, agents, and attorneys, and the predecessors, successors, heirs, and assigns of any and all of them (collectively, the "Parties Released"), from and against any and all obligations, debts, claims, demands, rights, actions, causes of action, loss, losses, damage, damages, expenses, costs, liability, and liabilities of any nature or kind, contingent or fixed, known or unknown, vested or contingent, suspected or unsuspected, at law or in equity or otherwise, as to law or facts or both, the Releasing Parties now own or hold or have at any time heretofore owned or held, or may at any time own or hold against the Parties Released arising prior to and including the Effective Date of this Agreement.

4. No Responsibility for Transaction. Franchisee and its owners, _____ agree that, except for the preparation of this Agreement, Rytech has not participated in the transaction between Franchisee and its owners, and shall have no liability for the accuracy of any representations or warranties made by or between the parties or for the prospects or viability of the Franchised Business. All parties understand and acknowledge that Rytech may, in the future, approve transfers under different terms, conditions, and policies. Rytech's consent in this instance shall not be relied upon in future transactions as indicative of Rytech's position or the conditions which might be attached to future consents. The parties acknowledge and agree that Rytech's execution of this Agreement is not intended to provide, and shall not be construed as providing, Rytech's consent with regard to the transfer of any right or interest under any agreement not specifically identified herein. Such consent must be separately obtained.

5. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

**FRANCHISEE:**

_____

By:
Its Authorized Agent

**FRANCHISOR: Rytech Franchising, Inc**.

_____

By:
Its

**OWNERS:**

_____

_____

# EXHIBIT K: SBA ADDENDUM

**SBA ADDENDUM**
**RELATING TO**
**RYTECH FRANCHISING, LLC**
**FRANCHISE AGREEMENT**

THIS ADDENDUM (Addendum) is made and entered into on _____, 20____, by **RYTECH FRANCHISING, LLC**, located at 1690 Roberts Blvd. NW, Suite 120, Kennesaw, GA 30144 (Franchisor), and _____, located at _____ (Franchisee).

**Recitals.** Franchisor and Franchisee entered into a Franchise (or License) Agreement on _____, 20__, (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit #_____ (Unit). Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

- Notwithstanding anything to the contrary in the Franchise Agreement or other ancillary document, Franchisor's (or any Third Party Assignee of the Franchisor) right to elect its Right of First Refusal to exercise said option when the Franchisee decides to sell partial interest(s) in the business is amended. If the Franchisee (or any Third Party Assignee of Franchisee) is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee.

- Notwithstanding anything to the contrary in the Franchise Agreement the Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor's consent.

- Notwithstanding anything to the contrary in the Franchise Agreement, or other ancillary document, Franchisor will subordinate its interest in any lien on Franchisee's collateral to that of the lender/SBA.

- Notwithstanding anything to the contrary in the Franchise Agreement and in the Personal Guaranty, the Franchisee, upon transfer, will not be bound by the terms of the new franchise agreement and guarantee performance of the transferee.

- Notwithstanding anything to the contrary in the Franchise Agreement, the security interest requirements will not apply to SBA financing/loans granted to the Franchisee. Lender's will not need to comply with the requirements while SBA has any interest in the Loan.

- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid-in-full; or (iii) SBA no longer has any interest in the Loan.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. § 1001 ($250,000 fine and/or up to 5 years imprisonment), 15 U.S.C. § 645(a) ($5,000 fine and/or up to 2 years imprisonment), and, if submitted to a Federally insured institution, under 18 USC 1014 (up to $1,000,000 fine and/or imprisonment of not more than 30 years), and civil penalty under 12 U.S.C. § 1833a (up to $1,000,000), and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729-3733.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| **RYTECH FRANCHISING, LLC** | |
| By:_____ | By:_____ |
| Print Name:_____ | Print Name:_____ |
| Title: _____ | Title:_____ |

**Exhibit L**
**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:

| | |
|---|---|
| California | May 25, 2023, amendment pending |
| Hawaii | |
| Illinois | April 4, 2023, amendment pending |
| Indiana | April 4, 2023 |
| Maryland | July 7, 2023, amending pending |
| Michigan | April 25, 2023 |
| Minnesota | June 14, 2023, amendment pending |
| New York | |
| North Dakota | |
| Rhode Island | April 25, 2023, amendment pending |
| South Dakota | |
| Virginia | April 21, 2023, amendment pending |
| Washington | May 12, 2023, amendment pending |
| Wisconsin | April 3, 2023, revised August 4, 2023 |

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

# EXHIBIT M: RECEIPTS

RECEIPT
Your Copy

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

If Rytech Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the franchise 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.

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

The name, principal business address, and telephone number of our Franchise Development Director is: Steven Seabaugh, 1690 Roberts Blvd. NW Suite 120, Kennesaw, GA 30144, (706) 372-0057

This Disclosure Document was issued on April 1, 2023, revised August 2, 2023.

The name and address of the franchisor's registered agent authorized to receive service of process in your state is listed in Exhibit B.

I received a disclosure document dated April 1, 2023, revised August 2, 2023 that included the following Exhibits:

| | |
|---|---|
| A | State Administrators |
| B | Agents for Service of Process |
| C | Franchise Agreement and Related Materials |
| D | State Addendum |
| E | Lists of Franchisees |
| F | List of Former Franchisees |
| G | Audited Financial Statements of Franchisor |
| H | Confidentiality Agreement For Prospective Franchisee |
| I | Guarantee Agreement |
| J | Sample General Release |
| K | SBA Addendum |
| L | State Effective Dates |
| M | Receipt |

_____ _____

Date (Required) Potential Franchisee (Required)

Date and sign this page and keep it for your records.

RECEIPT
Return To Us

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 Rytech Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the franchise 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.

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

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| H | Confidentiality Agreement |
| I | Guarantee Agreement |
| J | Sample General Release |
| K | SBA Addendum |
| L | State Effective Dates |
| M | Receipt |

_____ _____

Date (Required) Potential Franchisee (Required)

Date and sign this page and mail it to Franchise Administrator, Rytech Franchising, Inc., 1690 Roberts Blvd., NW, Suite 120, Kennesaw, GA 30144 or email to franchisdirector@rytech.com.