FRANCHISE DISCLOSURE DOCUMENT

Transblue Franchise Company, LLC
(A Washington Limited Liability Company)
18717 76th Avenue West
Lynnwood, Washington 98037
(425) 658-0098
www.transblue.org

Received
LA Mailroom
OCT 19 2018
Department of
Business Oversight

The franchise offered is a TRANSBLUE general contractor services business employing subcontractors to provide specialty landscape design and construction services, snow plowing services, concrete or asphalt construction services, swimming pool installation services, and related services and products.

The total initial investment necessary to begin operation of a TRANSBLUE business is from $110,900 to $151,800. This includes $40,000 paid to the franchisor.

The 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 Transblue Franchise Company, LLC, 18717 76th Avenue West, Lynnwood, Washington 98037, (425) 658-0098.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

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

Issuance date: September 26, 2018

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit "C" for information about the franchisor or about franchising in your state.

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

Please consider the following RISK FACTORS before you buy this franchise:

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

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

3. THERE MAY BE OTHER RISKS ASSOCIATED WITH THIS FRANCHISE.

STATE EFFECTIVE DATES

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

TRANSBLUE

DISCLOSURE DOCUMENT

TRANSBLUE
DISCLOSURE DOCUMENT
TABLE OF CONTENTS

ITEM		PAGE
1.	The Franchisor and Any Parents, Predecessors, and Affiliates	1
2.	Business Experience	4
3.	Litigation	5
4.	Bankruptcy	5
5.	Initial Fees	6
6.	Other Fees	6
7.	Estimated Initial Investment	8
8.	Restrictions on Sources of Products and Services	11
9.	Franchisee's Obligations	14
10.	Financing	15
11.	Franchisor's Assistance, Advertising, Computer Systems, and Training	16
12.	Territory	24
13.	Trademarks	26
14.	Patents, Copyrights, and Proprietary Information	28
15.	Obligation to Participate in the Actual Operation of the Franchise Business	28
16.	Restrictions on What the Franchisee May Sell	29
17.	Renewal, Termination, Transfer, and Dispute Resolution	29
18.	Public Figures	32
19.	Financial Performance Representations	32
20.	Outlets and Franchisee Information	32
21.	Financial Statements	34
22.	Contracts	34
23.	Receipts	34

EXHIBITS:

A. Franchise Agreement
B. Financial Statements
C. List of State Agencies and List of State Agents for Service of Process
D. Copy of Current Form of General Release
E. Sample Confidentiality Agreements
F. State Addenda
G. Receipts

Item 1: The Franchisor and any Parents, Predecessors, and Affiliates

Introduction. To simplify the language in this Franchise Disclosure Document, unless the context otherwise requires, all references to "we," "us", or "our" refer to Transblue Franchise Company, LLC and all references to "Franchisee," "you," or "your" refer to the person who is granted the right to operate a TRANSBLUE franchise under a franchise agreement. Your franchise business is referenced as the "Franchised Business" and our unique and distinctive system for operating TRANSBLUE businesses is referenced as the "System". The current and future trade names, trademarks, service marks and trade dress used to identify TRANSBLUE businesses, including the TRANSBLUE mark, are referenced collectively as the "Marks". Our mandatory and suggested specifications, standards, operating procedures and rules that we prescribe for the operation of the Franchised Business are referenced as our "Methods of Operation".

If you are a corporation, limited liability company, or any other type of legal entity, the provisions of the Franchise Agreement also apply to your owners by virtue of the requirement that some or all your owners personally guarantee, and are personally bound by, your obligations under the Franchise Agreement. The "Managing Owner" is your individual owner who has the authority to bind you regarding all operational decisions with respect to your TRANSBLUE Franchised Business. The use of paragraph captions throughout this document is for convenience of reference only and is not intended to change the meaning of any text.

The Franchisor. We are a limited liability company formed under Washington law on August 6, 2018. Our principal business address is 18717 76th Avenue West, Lynnwood, Washington 98037. Our agent or agents to receive service of process, if any, are identified in Exhibit "C" to this Franchise Disclosure Document.

We intend to do business under our corporate name and under the TRANSBLUE name. We sell franchises for the operation of TRANSBLUE businesses. The Franchised Business is modeled after the TRANSBLUE business operated by our affiliate W Business Solutions, LLC. We have been offering TRANSBLUE franchises for sale since the Issuance Date of this Franchise Disclosure Document. Transblue Franchise Company, LLC does not operate a business of the type being franchised. We have not in the past and do not now engage in other business activities. We do not offer franchises in other lines of business.

Parent or Predecessors. There is no parent or predecessor of Transblue Franchise Company, LLC.

Affiliates. W Business Solutions, LLC, a limited liability company formed under Nevada law on September 16, 2016, is our affiliate. W Business Solutions, LLC's principal business address is 18717 76th Avenue West, Lynnwood, Washington 98037. You may conduct business directly with W Business Solutions, LLC, as under the terms of the Franchise Agreement, W Business Solutions, LLC may be an approved supplier of goods or services to the Franchised Business. W Business Solutions, LLC does not now and has never in the past sold franchises in any line of business.

Transblue, LLC, a limited liability company formed under Nevada law on October 23, 2017, is our affiliate. Transblue, LLC's principal business address is 18717 76th Avenue West, Lynnwood, Washington 98037. You may conduct business directly with Transblue, LLC, as under the terms of the Franchise Agreement, Transblue, LLC may be an approved supplier of goods or services to the Franchised Business. Transblue, LLC does not now and has never in the past sold franchises in any line of business.

Franchises Offered. You must sign our then-current form of franchise agreement (the "Franchise Agreement") for each TRANSBLUE franchise business you open. Each Franchise Agreement will grant you the right to own and operate a single TRANSBLUE franchise business within a designated territory.

Our Methods of Operation are incorporated by reference into the terms of the Franchise Agreement. By signing the Franchise Agreement, you agree to comply throughout the term of the Franchise Agreement with our Operations Manual and any other specifications, standards, and operating procedures communicated in any form from us to you. Periodically we may modify our required Methods of Operation and you must comply with any changed operating requirements that we communicate to you.

As a TRANSBLUE business, you will act as general contractor services business, employing subcontractors to provide specialty landscape design and construction services, snow plowing services, concrete or asphalt construction services, swimming pool installation services, and related services and products. A typical franchisee may be a person with prior military experience, project management experience, personnel management experience, business management experience, sales experience, or construction industry experience. Typically the Franchised Business will employ a team of key personnel who will work cooperatively in generating and managing sales leads, scheduling and managing projects, managing customer, subcontractor, and vendor relationships, and managing and maintaining administrative oversight of the business. Generally you will employ the services of subcontractors for completing almost all of the construction related requirements of the client projects on which you are engaged.

As a franchisee, you will have a protected territory in which to offer our approved TRANSBLUE services and related products. The typical customer of the Franchised Business will be a residential homeowner or commercial business owner that requires landscape design and construction services, snow plowing services, concrete or asphalt construction services, or related services utilized for improvement or maintenance of their exterior location setting. Your employees will visit job sites regularly as a function of the business to meet with clients, to monitor the progress of projects, and to provide oversight over the work of your subcontractors.

You will need to obtain and maintain a general contractor's license in any state in which you operate the Franchised Business. You may need to obtain other required licenses specific to the services offered by TRANSBLUE Businesses. As a routine function of the business, you will need to hire duly licensed subcontractors with various forms of construction related expertise. Managing the subcontractor relationships is an essential component of the Franchised Business, including insuring that all subcontractors are paid on a timely basis for work that is completed

successfully. All subcontractors who are employed by the Franchised Business must meet the required standards we designate to you under our Methods of Operation.

The subcontactor standards that we specify may relate to required expertise or experience of the subcontractor, the subcontractor holding any required business licenses, the subcontractor maintaining required business insurance or bonding, the subcontractor meeting our required job performance or customer satisfaction levels, the subcontractor having an adequate number of employees or having adequate vehicles or equipment, the prior project management experience of the subcontractor, the business location of the subcontractor, or the subcontractor meeting any other standards that we may designate to you. Periodically during the term of the Franchise Agreement we may amend our subcontractor standards and you must comply with any changed subcontractor requirements that we specify to you.

Professional Trade Organizations. You are required throughout the term of the Franchise Agreement to belong to any professional trade organization that we may designate. You must pay any membership or related fees required to belong to a specified professional trade organization. Currently we require all franchises to belong to the Community Associations Institute ("CAI") and to the Snow & Ice Management Association ("SIMA").

Market for the Services. The services and related products our franchisees sell are well recognized and are generally available from other sources. The market for our franchisees' services is well developed. Generally, the market for our services is not seasonal, although there may be some seasonality for some of our approved services based on the local weather conditions.

Competition. The construction industry is a highly competitive and developed market, which can be affected significantly by many factors, including changes in local, regional or national economic conditions, and increases in the number of, and particular locations of competing businesses. Various factors can adversely affect the construction industry, including inflation, increases in materials, labor and energy costs, fluctuating interest and insurance rates, state and local regulations and licensing requirements, and the availability of an adequate number of qualified subcontractors. There are other competing concepts operating nationally, regionally and locally and some of these businesses may have greater financial resources and longer operating histories.

Industry Specific Laws and Regulations. Many of the laws, rules and regulations that apply to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupation, Health and Safety Act, also apply to TRANSBLUE businesses. Some jurisdictions may have laws which provide for specific licensing, bonding, insurance, building codes, health provisions, and similar requirements which may be applicable to the Franchised Business. State and local agencies regularly inspect businesses to ensure that they comply with these laws and regulations.

Your development and operation of the Franchised Business will also be subject to compliance with applicable environmental regulations as well as federal and state minimum wage laws governing such matters as working conditions, overtime and other employee matters.

We recommend that you check with your state and local agencies to determine which laws apply to the operation of a TRANSBLUE business in your area. You should consider these laws and regulations when evaluating your purchase of a franchise.

There may be laws or regulations specific to general contracting services and the services offered by this type of business in the state or local area in which you will operate your franchise. You may need to comply with Federal Environmental Protection Agency laws and regulations governing storage, use and disposal of chemicals and with any similar state or local laws.

These are only examples of some, but not all, of the laws and regulations with which you may need to comply in the state or local area in which you will operate your TRANSBLUE Franchised Business. It is your responsibility to investigate and to comply with any laws or regulations in your state or local area, and to obtain all required licenses and permits required to operate the Franchised Business. It is your responsibility to fully investigate and to comply throughout the term of the Franchise Agreement in operating your Franchised Business in adherence with all federal, state, or local laws, regulations, rules and ordinances in operating your Franchised Business. You should consult with an attorney to ensure your compliance with all laws, regulations, rules and ordinances that may affect your business. You should fully investigate all laws and regulations applicable to operating the Franchised Business before you decide to purchase a franchise.

Non-Standard Franchise Transactions. Periodically, we may sell and franchise one or more of our company-owned TRANSBLUE locations. In these transactions, we negotiate with the prospective franchisee to reach mutually acceptable terms of a sale agreement. If you purchase a company-owned TRANSBLUE location, you must sign a Franchise Agreement. Depending on the circumstances, the financial and other terms may vary materially from the standard terms of our Franchise Agreement.

We also may enter into joint venture or partnership arrangements with existing franchisees or others to develop TRANSBLUE locations. The parties negotiate the terms of these arrangements. Depending on the precise terms of these arrangements, these TRANSBLUE locations may be considered to be either company-owned or franchised TRANSBLUE locations for purposes of this Franchise Disclosure Document. Depending on the circumstances, the financial and other terms may vary materially from the standard terms of our Franchise Agreement.

Item 2: Business Experience

Aimee Wescott, President

Aimee Wescott is our President, a position she has held since August, 2018. Ms. Wescott also is the President of our affiliate W Business Solutions, LLC, a position she has held since January, 2016. Ms. Wescott was Vice President of SMS Superior Maintenance Solutions in Edmonds, Washington from September, 2012, to January, 2016.

David Wescott, Vice President and Chief Executive Officer

David Wescott is our Vice President and Chief Executive Officer, positions he has held since August, 2018. Mr. Wescott also is the Vice President of our affiliate W Business Solutions, LLC, a position he has held since January, 2016. Mr. Wescott was Chief Executive Officer of SMS Superior Maintenance Solutions in Edmonds, Washington from September, 2009, to January, 2016.

David E. Vetter, Vice President of Franchise Development

David Vetter is our Vice President of Franchise Development, a position he has held since August, 2018. Mr. Vetter was Washington Administrator for Seatac Ops for Oregon On-Site Drug Testing in Portland, Oregon from July, 2016, to August, 2018. Mr. Vetter was Business Account Executive for Comcast Business in Redmond, Washington from August, 2016, to December, 2017. Mr. Vetter was NW Regional Manager for Landcare from March, 2012, to June, 2015. Mr. Vetter was not employed from July, 2015, to June, 2016.

Vince Ortiz, Director of Franchise Development

Vince Ortiz is our Director of Franchise Development, a position he has held since August, 2018. Mr. Ortiz was Agency Development Manager for Colonial in Renton, Washington from November, 2017, to August, 2018. Mr. Ortiz was Chief Operating Officer of Transblue FM from September, 2013, to October, 2017.

James A. Wescott, Director of Information Technology and Marketing

James Wescott is our Director of Information Technology and Marketing, positions he has held since August, 2018. Mr. Wescott also is the Director of Information Technology and Marketing of our affiliate W Business Solutions, LLC, a position he has held since January, 2017. Mr. Wescott was Customer Service & Sales Manager of Seattle Coffee Gear in Redmond, Washington from January, 2016, to January, 2017. Mr. Wescott was Delivery Manager of Microsoft in Redmond, Washington from February, 2012, to November, 2015.

Todd Runge, Vice President of Operations

Todd Runge is our Vice President of Operations, a position he has held since August, 2018. Mr. Runge also is the Vice President of Operations of our affiliate W Business Solutions, LLC, a position he has held since August, 2017. Mr. Runge was Owner of FS Displays in Seattle, Washington from January, 2010, to July, 2017. Mr. Runge was Director of Operations of Top Shelf Custom Cabinets in Woodinville, Washington from June, 2005, to December, 2009.

Item 3: Litigation

No litigation is required to be disclosed in this Item.

Item 4: Bankruptcy

David Wescott, our Vice President and Chief Executive Officer, was a principal officer of JC Yard Services, LLC, which filed a bankruptcy petition on February 23, 2010, under Chapter 13 of the U.S. Bankruptcy Code (David Wescott / JC Yard Service LLC, U.S. Bankruptcy Court for the Western District of Washington, Case No. 10-11839), which case was discharged on February 25, 2015.

No other bankruptcy information is required to be disclosed in this Item.

Item 5: Initial Fees

You will pay us a lump-sum non-refundable Franchise Fee when you sign the Franchise Agreement. The standard initial Franchise Fee is $40,000, which must be paid in certified funds. We expect to raise the Initial Franchise Fee to $50,000 after the initial 5 franchise agreements have been signed.

We offer a $4,000 discount of our standard $40,000 Franchise Fee for any initial franchise purchased by a U.S. military veteran either who has retired within the past 10 years or who has served for at least 4 years and then been honorably discharged within the past 5 years.

Except possibly in connection with the sale of company-owned TRANSBLUE and joint ventures that we control (see Item 1), currently the franchise fee is uniform to all franchisees purchasing a TRANSBLUE franchise. We have the right to alter the Initial Franchise Fee periodically as business circumstances warrant.

Item 6: Other Fees

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Interest[1]	Varies	When underlying obligation is paid[3]	Highest contract rate of interest permitted by law. See Section 2.2 of the Franchise Agreement
Royalty[1]	6% on total revenue derived during each respective month, with a minimum monthly Royalty of $1,750	Each calendar month due not later than the 5th day following the end of the prior month.	Paid to us for our ongoing support and your use of the Marks and System. See Section 3.1 of the Franchise Agreement
Technology Fee[1]	$600 currently, subject to period increases	Monthly, when the Royalty is paid	Paid to us for use of the Transblue website and related electronic media. See Section 3.3 of the Franchise Agreement
Professional Organization Fees	Varies, but estimated not to exceed $1,000 annually	Varies	Paid to any professional organizations to which we require you to belong. See Section 3.4 of the Franchise Agreement

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Additional Owner or Employee Initial Training Fees[1]	$500 per person	Prior to the initial training session	Paid to us if you want additional individuals to attend initial training. See Section 10.1 of the Franchise Agreement
Additional Ongoing Required Training Fees[1]	Varies	As we and you agree	Paid to us for additional required training during the term of the Franchise Agreement. See Section 10.2 of the Franchise Agreement
Supplementary Training Fees[1]	Varies	As we and you agree	Paid to us for training additional individuals during the term of the Franchise Agreement. See Sections 10.3 and 10.5 of the Franchise Agreement
Per Day Fee[1]	$500 per person, subject to change	As we and you agree	Paid to us if you need us to help you operate the Franchise. See Section 13.1.9 of the Franchise Agreement
Advertising Fund Fee[1]	1% of Gross Revenue[1] for the initial 6 months and then $1,500 per month	Monthly, when the Royalty is paid	Paid to us to promote the Marks and the System regionally or nationally. See Section 17.1 of the Franchise Agreement
Local Advertising Expense	Not less than $10,000 prior to opening or within 60 days of opening and not less than $2,500 per month beginning 60 days after opening	According to Methods of Operation as per your advertising budget	Paid by you to advertisers to promote the Franchised Business locally. See Section 17.5 of the Franchise Agreement
Auditing Costs[1]	Actual Costs	Reimbursement of our actual auditing costs	We assess this charge only for audits needed in the event you fail to comply with the Franchise Agreement, fail to allow full access to your records, or we find that you underreported your Gross Revenue by 2% or more for two or more reporting periods. See Section 19.5 of the Franchise Agreement
Transfer Fee[1]	One-half of our standard Initial Franchise Fee at the time of the transfer. Currently $20,000.	Concurrently with the transfer	Paid to us if you want to transfer the Franchise to a third party. See Section 20.4.5 of the Franchise Agreement
Renewal Franchise Fee[1]	$5,000	Concurrently with our granting a renewal of your franchise	Paid to us if you sign a new franchise agreement upon expiration of the initial franchise agreement. See Section 21.2 of the Franchise Agreement

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Costs and Attorney's Fees[1]	Actual Costs	Reimbursement of our actual costs	Paid to us by you for accounting, attorney and other professional fees if an action is brought against you for breach of the Franchise Agreement. See Section 25.9 and 25.12.4 of the Franchise Agreement

[1]Paid to us and non-refundable. Generally all fees payable to us are uniformly imposed under the terms of the Franchise Agreement. However, we are not obligated to collect uniformly all fees from all franchisees. Subject to certain unique facts or circumstances relating to our then-existing franchise relationship with a specific individual franchisee, we may elect to enforce the collection of certain amounts due to us under the terms of the Franchise Agreement or forgo the collection of certain amounts that otherwise would be due to us under the terms of the Franchise Agreement.

[2] As used in this Franchise Disclosure Document, the term "Gross Revenue" means all revenue you derive from operating your TRANSBLUE franchise, including, but not limited to, all amounts you receive for services, goods, or merchandise sold at or away from the franchise location, and whether from cash, check, credit or barter transactions, and including e-commerce transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by the Franchised Business in compliance with our Methods of Operation. Gross Revenue additionally includes all total revenue and other consideration you, or any other business owned or operated by you, or any other business owned or operated by any of your Owners, derives from any general contracting related services, unless the revenue is specifically excluded from your Gross Revenue, as determined by us in writing in our sole business judgment

[3]Interest begins from the date any payment is due.

Item 7: Estimated Initial Investment

Your Estimated Initial Investment

Franchise Agreement

CATEGORY OF INVESTMENT	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Initial Franchise Fee (See Note 1)	$40,000	Lump sum	When you sign the Franchise Agreement	Us

CATEGORY OF INVESTMENT	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Leasehold Improvements (See Note 2)	$1,000 - $3,000	Varies	Before operating the Franchised Business	Approved suppliers or per specifications
Vehicles and Signage (See Note 3)	$17,500 - $28,500	Varies	Varies	Approved suppliers or per specifications
Capital Equipment and Tools (See Note 4)	$1,500 - $2,000	Varies	Before operating the Franchised Business	Approved suppliers or per specifications
Technology, Office Equipment and Supplies (See Note 5)	$3,000 - $6,000	Varies	Before operating the Franchised Business	Approved suppliers or per specifications
Start-Up Marketing and Advertising (See Note 6)	$5,500 - $7,000	Varies	Shortly before and after the Franchised Business begins to operate	Advertisers, printing companies, or per specifications
Insurance (See Note 7)	$12,000 - $15,000	Lump sum payment of first year premium	Prior to operating the Franchised Business	Insurance companies
Lease Deposits (See Note 8)	$1,000 - $2,000	Lump sum	When you sign your lease	Landlord
Professional Fees (See Note 9)	$2,000 - $4,000	Varies	Varies	Accountants, lawyers, etc.
Licenses/Bonds (See Note 10)	$1,000 - $2,000	Lump sum on application	Prior to operating the Franchised Business	Government agencies and bonding companies
Other Deposits	$0 – $500	Lump sum	When you engage the service	Utilities, banks/credit card companies, leased equipment vendors, alarm company, telephone company
Your Out-of-Pocket Initial Training Expenses (See Note 11)	$6,400 - $11,800	Varies	Varies	Airfare, ground transportation, meals, lodging, etc.
Additional Funds – initial period (See Note 12)	$20,000 - $30,000	Varies	Varies over the next 3 months	Payroll, debt services, and cash to cover miscellaneous day-to-day expenses
Total	$110,900 - $151,800	Excluding real estate costs		

Notes:

The expenses in this Item 7 are estimates of your initial investment in one franchise location before opening and for the first three months after. We cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on how closely you follow the TRANSBLUE System standards, your management skill, experience and business acumen, local economic conditions, the acceptance by local consumers of our approved products and services, prevailing wage rates, competition, etc. We do not require you to purchase real estate and the total estimated initial investment does not include the acquisition of real estate. We relied upon our Affiliate's experience in opening a similar business to the Franchised Business in compiling these estimates. Unless otherwise stated, we do not expect that any of the estimated investment amounts are refundable.

Note 1: See Item 5 for details.

Note 2: The estimated range is for any leasehold improvements required at your business location.

Note 3: The estimated range inlcudes the acquisition of a pickup truck that complies with our specifications and the cost of a required vehicle wrap. The estimated range also includes an initial supply of yard signs for job locations.

Note 4: The estimated range is for the purchase of required equipment and tools you will need to operate the Franchised Business.

Note 5: This estimate includes required office equipment and technology, including a printer, a facsimile machine, any required software, credit card processing equipment, and office supplies.

Note 6: The minimum Opening Advertising and Promotion Expense for your Franchised Business is $5,500. You may elect to spend higher amounts for initially promoting your Franchised Business.

Note 7: See Item 8 for the minimum insurance requirements for the Franchised Business.

Note 8: The low estimate is for one month of rent for a location for the Franchised Business. The high estimate is for two months of rent a location for the Franchised Business.

Note 9: Professional fees include any amounts you spend for accounting or legal services in establishing the Franchised Business.

Note 10: The low estimated amount is for a typical business license while the high estimated amount is if there are any additional required licenses.

Note 11: The estimated range is for 1 to 2 people attending our 15 day initial training program in Washington. Up to 5 total people may attend the initial training program so your expenses may be more if you elect for more than 2 people to attend the program. You must pay all travel, accommodation, and living expenses for any individuals who attend the initial training program.

Note 12: This estimate includes working capital for the first 3 months of operating the Franchised Business. These figures are estimates based upon our experience in opening and operating our company-owned location, and we cannot assure you that you will not have additional expenses in starting your Franchised Business.

Except as otherwise noted, none of these payments are refundable. These payments are only estimates and your costs may be higher, depending on your particular circumstances. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise. We do not offer any financing for your initial investment or any other items. The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

Item 8: Restrictions on Sources of Products and Services

Generally.

To ensure that high and uniform standards of quality and service are maintained, you must operate your TRANSBLUE Franchised Business in strict conformity with our standards, methods, and specifications and you must purchase all designated products and services from us or our Affiliates (at then current prices and subject to the then current terms and conditions) or from other designated supplier(s) we specify. You must purchase all raw materials, supplies, fixtures, equipment, tools, uniforms, merchandise, goods, inventory, and services only from suppliers we have approved. Presently, any software and hardware we require you to use is not proprietary.

Designated Suppliers in Which Our Officers Have an Ownership Interest.

Throughout the term of the Franchise Agreement, you must obtain and maintain required insurance coverage for the Franchised Business through our Affiliate W Business Solutions, LLC. Also, you must use the services of W Business Solutions, LLC for all authorized financial merchant services that allow the Franchised Business to accept credit card or bank debit card transactions. Additionally, you must purchase all uniforms, business cards, forms, and marketing materials through W Business Solutions, LLC.

W Business Solutions, LLC will derive revenue from your required purchases of insurance, financial merchant services, and uniforms, business cards, forms, and marketing materials. W Business Solutions, LLC will derive commission based revenue from insurance transactions it processes on behalf of the Franchised Business, as determined by insurance underwriting guidelines. We estimate the typical range of insurance commission based revenue

that W Business Solutions may derive will be 10% to 18% of the respective transaction amount, depending on the type of insurance transaction being processed. W Business Solutions, LLC will receive merchant activation fees, and percentage based revenue from Interchange fees and from dues and assessment fees for merchant services provided to the Franchised Business. W Business Solutions, LLC will derive revenue by charging a markup of up to 50% over its cost for uniforms, business cards, forms, and marketing materials sold to the Franchised Business.

Our officers hold an ownership interest in W Business Solutions, LLC. Other than us and our Affiliates, currently there are no other suppliers to the Franchised Business in which currently any of our officers owns an interest.

Site Approval, Design and Standards

Although you are not required to purchase or lease real estate from us or our Affiliates, we must approve your franchise location (see Item 11). You must improve and equip the franchise location in accordance with our then-current approved design specifications and standards. In addition to meeting our design specifications, it is your responsibility to comply with the Americans with Disabilities Act and all other federal, state and local laws.

Approved Suppliers Standards and Requirements

Approved suppliers and specifications are identified in our Operations Manual. Approved suppliers and specifications are determined based on the current needs for operating the Franchised Business. We evaluate approved suppliers based on price, service, quality, location, service area, product lines represented, and other commercially reasonable benchmarks. The identity of approved suppliers and these specifications may be updated periodically in writing by modifying the appropriate pages of the Operations Manual.

We have the right to limit the number of vendors and suppliers for raw materials, supplies, fixtures, equipment, tools, uniforms, merchandise, goods, inventory, and services. We also have the right to designate a single source of supply for certain raw materials, supplies, fixtures, equipment, tools, uniforms, merchandise, goods, inventory, and services. We or an Affiliate may be that single source. For all raw materials, products, goods, supplies, fixtures, equipment or services purchased from us or our Affiliates, you must pay the then-current price in effect. We may update our list of sole suppliers and approved suppliers as we deem necessary or appropriate.

In many cases, we may have sole or mandatory suppliers, but in unique circumstances you may request approval of an alternate supplier. We have the right to approve or disapprove any supplier, and we may approve a supplier in our sole business judgment. In evaluating any supplier you propose, we will, subject to reasonable restrictions and conditions to protect our trade secrets and confidential information, disclose to the proposed supplier applicable formulary, standards, specifications, processes, and procedures for the item in sufficient detail to enable the proposed supplier to demonstrate fully its capacity and capabilities to supply the item. Within 90 days after we receive all requested information and we have received the results of any evaluation or testing we require, we will communicate to you in writing our decision to

approve or disapprove your proposed supplier. We may disapprove any supplier who we previously approved, and you may not, after receipt of notice of disapproval, reorder from any supplier we have disapproved.

We may prescribe procedures for the submission of requests for approval and impose obligations on approved suppliers, which will be incorporated in a written license agreement with the supplier. We may obtain from you and/or the approved supplier reimbursement of our reasonable costs and expenses incurred in the approval process and on-going monitoring of the supplier's compliance with our requirements. We do not act as an agent, representative or in any other intermediary or fiduciary capacity for you in our relationship with an alternative supplier you propose and we approve. We may impose limits on the number of approved suppliers. We have the right to monitor the quality of products or services provided by approved suppliers in a manner we deem appropriate and may terminate any supplier who does not meet our quality standards and specifications, as may be in effect periodically.

We attempt to negotiate purchase arrangements with third-party suppliers (including price terms) for the benefit of all TRANSBLUE businesses, including those owned by franchisees. We do not provide material benefits (for example, renewal or additional franchises) to a franchisee based on the use of designated or approved suppliers.

If you purchase any raw materials, supplies, fixtures, equipment, tools, uniforms, merchandise, goods, inventory, and services from us or any Affiliate, the maximum markup you will pay us is 50% over our cost for the item or service plus any related shipping costs.

The total estimated proportion of all required purchases and leases from approved vendors in relation to all purchases and leases you will make in establishing the Franchised Business is 34% to 38%. The total estimated proportion of all required purchases and leases from approved vendors in relation to all purchases and leases you will make in operating the Franchised Business is less than 40%.

Insurance.

You must maintain in force: (a) commercial general liability (including completed operations/product liability) insurance; (b) any other insurance policies, like business interruption insurance, automobile insurance, unemployment insurance, excess umbrella insurance, snowplow endorsement, snow removal operations endorsement, and worker's compensation insurance (with a broad form all-states endorsement), as we may determine periodically and as required by law. All insurance policies must: (1) be issued by carriers approved by us; (2) contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe periodically; (3) name us and our Affiliates as additional insureds; (4) provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy; and (5) include such other provisions as we may require periodically.

Identified below are the types and minimum coverage amounts that currently we require for each franchised TRANSBLUE business per location. If your state requires greater coverage

amounts for the categories listed below, you must obtain and maintain coverage as required by your state.

COMMERCIAL GENERAL LIABILITY:	
General Aggregate Limit:	$2,000,000
Products/Completed Operations Aggregate Limit:	$2,000,000
Personal and Advertising Injury Limit:	$1,000,000
COMMERCIAL OR PERSONAL AUTOMOBILE LIABILITY:	
Bodily Injury and Property Damage Combined Single Limit:	$1,000,000
Hired and Non-Owned Liability Limit:	$1,000,000
WORKERS' COMPENSATION:	
Workers' Compensation:	Statutory (with All States Broad Form)
Employer's Liability:	$1,000,000 each accident; $1,000,000 per employee, bodily injury by disease.
UMBRELLA LIABILITY	
	$3,000,000 each occurrence (minimum) $3,000,000 aggregate (minimum)

Please note that the landlord for you franchise location may have their own insurance coverage requirements that apply additionally to our requirements for insurance coverage.

Relationships with Approved Suppliers

We may terminate your franchise if you purchase raw materials, supplies, fixtures, equipment, tools, uniforms, merchandise, goods, inventory, and services that are not according to our specifications or that are not from our approved suppliers. When your franchise is up for renewal or if you apply for an additional franchise, among other factors we consider are your compliance with your Franchise Agreement and support of our programs and policies, which would include compliance with the requirements described in this Item 8.

Since there are no TRANSBLUE franchises as of the Issuance Date of this Franchise Disclosure Document, we have no additional information to report regarding our revenue from required purchases. We and our Affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of raw materials, supplies, fixtures, equipment, tools, uniforms, merchandise, goods, inventory, and services as described in this Item 8. Most of these payments are calculated as an amount based on items sold. We will retain and use these payments as we deem appropriate or as required by the vendor. We or our Affiliates also will derive revenue from items we sell directly to you by charging you more than the cost.

There are no purchasing or distribution cooperatives at this time.

Item 9: Franchisee's Obligations

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	8	7 and 11
b. Pre-opening purchases / leases	8, 9	8
c. Site development and other pre-opening requirements	6, 8, 9, 10, 11	6, 7 and 11
d. Initial and ongoing training	10	11
e. Opening	6	11
f. Fees	2.2, 2.4, 3.1, 3.4, 3.5, 10.1, 10.2, 10.3, 10.5, 13.1.9, 17.1, 17.5, 19.5, 20.4.5, 21.2, 25.9, 25.12.4	5 and 6
g. Compliance with standards and policies / Operations Manual	4, 12	11
h. Trademarks and proprietary information	12, 14, 15, 23.2, 23.3	13 and 14
i. Restrictions on products/services offered	12	16
j. Warranty and customer service requirements	7.8, 12.2.14	11
k. Territorial development and sales quotas	Not applicable	12
l. Ongoing product/service purchases	12	8
m. Maintenance, appearance and remodeling requirements	9, 12.2.1, 21.1	11
n. Insurance	11.5, 12.2.13, 12.7.1	7 and 8
o. Advertising	13.1.5, 17	6 and 11
p. Indemnification	24.4	6
q. Owner's participation/ management/staffing	4.1, 5, 12.2.8	11 and 15
r. Records/reports	12.2.12, 18	6
s. Inspections/audits	19	6 and 11
t. Transfer	20	17
u. Renewal	21	17
v. Post-termination obligations	23	17
w. Non-competition covenants	16, 23.4	17
x. Dispute resolution	25	17

Item 10: Financing

We do not offer direct financing. We do not guarantee any note, lease or other of your obligations.

Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training

Except as listed below, Transblue Franchise Company, LLC is not required to provide any assistance to you.

Franchise Agreement Pre-Opening Assistance.

Our obligations prior to opening your TRANSBLUE Franchised Business (see Franchise Agreement Sections 1, 8, 10, 11, 12, 13) may include:

Operations Manual (Franchise Agreement Section 12). We offer our Operations Manual as guidance in the operation of your Franchised Business. You must follow the terms of the current version of our Operations Manual. We may update or revise the Operations Manual periodically. We will provide you with these updates. Prior to purchasing a franchise, we will provide you with the opportunity to view our Operations Manual at our main office in Washington.

Site Selection (Franchise Agreement Section 8 and Appendix B). If you have not already selected a potential site, we will assist by providing advice in site selection. Our concerns regarding your choice of a site for your Franchised Business include various factors, including where you prefer to operate. We must approve the site of your proposed Franchised Business location. Our approval of the site of your Franchised Business location does not guarantee success at the location, nor does this approval imply a warranty as to any aspect of the location or territory. Our approval of your Franchised Business site location will be based primarily on suitability of the location for activities of the business, general location and neighborhood, demographics, zoning, traffic patterns, parking, overall interior and exterior size, physical characteristics of the existing building and lease terms. We will provide our decision of the acceptability of any proposed site you submit for your Franchised Business location within 20 days of receipt of all required information concerning the proposed site. If we can't mutually agree on a site for the Franchised Business location within 120 days of the date of signing of the Franchise Agreement, then we may terminate the Franchise Agreement and keep the Initial Franchise Fee.

Training

Pre-Opening Training (Franchise Agreement Section 10.1.). Pre-opening training will be conducted at our training location, currently in Washington. Initial training will consist of 15 days of training for your Managing Owner and up to 4 total additional owners or employees who you elect to enroll in the training program. We may increase or decrease the amount of time for training at any time. Your Managing Owner must attend and successfully complete pre-opening training within 120 days of signing your Franchise Agreement and prior to the opening of your Franchise. Failure of the Managing Owner to successfully complete the initial training may result in termination of our Franchise Agreement. The instructional material may consist of our Operations Manual, electronic media, checklists, demonstrations, practice and quizzes.

Although there is no additional charge for up to 5 people to attend your pre-opening training, you will be responsible for all expenses incidental to the training, such as travel and lodging expenses. Additional individuals whom you elect to attend the initial training will be charged $500 per person. Our initial training program will be provided substantially as follows:

TABLE OF SUBJECTS

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Administration - Business Philosophy and Vision - Financial Planning - Accounting - Payroll - Reporting - Regulatory Compliance	14	0	Lynnwood, WA
Equipment and Facility Management - Maintenance - Health & Safety - Equipment - Appearance	7	0	Lynnwood, WA
Staff and Subcontractor Management - Recruitment - Hiring - Training - Policies - Job Description - Scheduling	14	0	Lynnwood, WA
Project Management - Scheduling - Bids and Proposals - Subcontractor Services - Client Relations - Communication - Problem Solving - Invoicing	21	21	Lynnwood, WA

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Marketing and Customer Service - Generating Leads - Preparing Proposals - Marketing - Customer Service - Public Relations	21	7	Lynnwood, WA

It is the nature of the TRANSBLUE business that all subjects are integrated into the training program, and that there are no clear delineations between the subjects being learned.

Our Trainers. David Wescott is our lead trainer for the training areas of business overview, sales focus, and lead management. Mr. Wescott has extensive experience in training the employees, subcontractors, and partners who have worked with our affiliate W Business Solutions, LLC. Mr. Wescott also has extensive experience providing leadership and training in construction related services for over 20 years and is dedicated to building strong management teams.

David Vetter is our lead trainer for the training areas of business development and operations focus. Mr. Vetter has over 20 years experience training managers and business leaders, with a focus on training in forecasting, budgeting, hiring, personnel, and processes.

Vince Ortiz is our lead trainer for the training areas of human resource development and snow and ice management. Mr. Ortiz has extensive training experience with employee recruitment and selection, employee development, employee retention, employee disciplining, organizational culture, and creating a positive, motivating work environment critical to business success. Additionally, Mr. Ortiz has extensive experience in snow and ice control operations and management, including vendor and operators management, winter operations management, project management, and materials and applications.

James Wescott is our lead trainer for the training areas of information technology/media, marketing, and software. Mr. Wescott has over 7 years training experience in the areas of information technology, hardware, software, soft skills, and processes.

Lisa Wilson is our lead trainer for the training areas of accounting and financial reporting. Ms. Wilson is a certified bookkeeper who has over 10 years training experience in the fields of accounting and management.

Dylan Moses is our lead trainer for the training areas of operational focus and hands on development. Mr. Moses has experience in training individuals and groups in operational focus specific to the needs of the customer/industry, and in training individuals to perform specified duties up to related industry or business quality standards.

Matias Barnes is our lead trainer for the training areas of permitting, setting the lead, and drawings. Mr. Barnes has related experience working with many different jurisdictions on a wide variety of permits, lead setting as the head of a direct marketing department for high volume window installer, and industry experience working with computer aided design programs since the late 1990s.

Additional and Supplementary Training (Franchise Agreement Section 10). Additional training or supplementary training may be provided periodically throughout the term of the Franchise Agreement, which we may, in our sole business judgment, require your Managing Owner or your employees to attend at our training location at your expense, including paying our reasonable fees for providing the training.

Opening. We estimate the length of time between the signing of the Franchise Agreement or the first payment of consideration for the Franchised Business and the opening of the Franchised Business is 30 to 120 days. Things that may affect the time period include your ability to attend initial training, find a site to operate the Franchised Business, and/or purchase equipment or supplies. You must begin operating the Franchised Business within 120 days after signing of the Franchise Agreement.

Franchise Agreement Continuing Assistance.

Operating Assistance (Franchise Agreement Section 13). Our obligations to you during the operation of your TRANSBLUE franchise include:

Providing you with telephone and Internet e-mail consultation during the times outlined in the Operations Manual;

Providing you with buying advisory services where we provide you with lists of sources and approved suppliers for products, materials, supplies, equipment, computer systems, merchandise, accessories, services, fixtures, furnishings, signs, vehicles, etc.;

Providing you with wholesaling services where we may act as an approved or designated source for products, services, uniforms, materials, supplies, equipment, computer systems, merchandise, accessories, fixtures, furnishings, signs, vehicles, etc.;

Providing you with monitoring and oversight and related advisory services where we may provide you with guidance to maintain service quality and consistency;

Providing you with ongoing marketing programs;

Providing you with newsletter services where we inform you periodically about the current events in the TRANSBLUE franchise program;

Providing you with meetings, where we may meet with you and other TRANSBLUE franchisees for business or social purposes; and/or

Providing you with research and development regarding our Methods of Operation.

At your request, we will furnish additional guidance and assistance and, in such a case, may charge the per day fees and charges we establish periodically. If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including per day charges and travel and living expenses for our personnel, will be your responsibility.

Advertising and Marketing (Franchise Agreement Section 17).

Initial and Ongoing Local Advertising. All local advertising that you conduct must comply with our standards and specifications, as we may specify them to you periodically during the term of the Franchise Agreement. You must spend a minimum of $5,500 for local advertising in your local market either prior to opening the Franchised Business or within 60 days after opening. Following the initial 60 days after opening, you must spend a minimum of $2,500 a month for local advertising.

We will provide you with start-up marketing materials and templates. There is no guarantee of success from these materials. You must submit to us for our prior approval, samples of all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including the Internet) that you desire to use and that have not been prepared or previously approved by us. You may not use any advertising or promotional materials that we have disapproved.

Advertising Fund. We may administer an Advertising Fund, using it to prepare and produce advertising, public relations, market research and promotional programs in media we select, potentially including print, radio, television, or Internet, including the TRANSBLUE website. This may be done in-house or through outside vendors. The advertising and marketing efforts may be national, regional or local. There is no guarantee that these efforts will be effective in your geographic area or that any given advertising campaign will be run in your area.

The Advertising Fund is funded by advertising and marketing fees paid by franchisees. Presently, the Advertising Fund Fee for all franchisees is 1% of Gross Revenue and all franchisees contribute at the same percentage rate. The maximum Advertising Fund Fee you will pay in any month is $1,500. We have not collected any Advertising Fund Fees from franchisees as of the Issuance Date of this Franchise Disclosure Document. We (or our Affiliates) may, in our sole business judgment, contribute to the Advertising Fund. There is no obligation for us to contribute to the Advertising Fund. The fees contributed by franchisees are not in a "trust," and are not held by us in any fiduciary or similar special relationship. No relationship is created beyond an ordinary commercial relationship for our mutual economic benefit.

In any fiscal year, we may spend an amount greater or less than the contributions to the Advertising Fund for that year. We may carry over deficits or surpluses from year to year. We will separately account for the Advertising Fund and will provide an annual compiled statement of the Advertising Fund upon your written request. We are under no obligation to refund any unspent contributions when the Franchise Agreement is terminated or expires.

The Advertising Fund will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Advertising Fund and its programs. The Advertising Fund is not audited and there are no restrictions under the terms of the Franchise Agreement that it must be audited at any time. (Franchise Agreement Sections 17.1. through 17.4.). The Advertising Fund will use 0% of Advertising Fund Fees collected to solicit the sale of franchises.

Advertising Cooperatives. Presently, there are no advertising cooperatives or franchisee advertising councils involved in the advertising process, although there are no restrictions on our right to require advertising cooperatives or franchisee advertising councils to be formed, changed, dissolved or merged. Presently we do not have any existing policies in place regarding the formation of any franchisee advertising council but if we establish one, we will communicate all the policies of the council to you through written updates to our Operations Manual or to our Methods of Operation. The written policies of any franchisee advertising council may include information on how members of the council are selected and whether the council serves in an advisory capacity only or has operational or decision-making power.

We may establish or approve local and/or regional advertising cooperatives in your local or regional areas, covering the geographical areas we may designate in our sole business judgment. You must participate in any designated cooperative and its programs and abide by its by-laws. Each cooperative will utilize a voting system of one vote per one eligible business. Each cooperative will be managed by its members. No changes in the by-laws or other governing documents of a cooperative will be made without our prior written consent. You and each other member of the cooperative will contribute to the cooperative, using a collection structure selected and established by us, the amount determined in accordance with the cooperative's by-laws. If we establish any cooperatives, each cooperative will prepare annual or periodic financial statements which will be available for review by prospective franchisees.

Electronic and Social Media. Any electronic media that you use to promote the Franchised Business must be approved by us prior to publication or use in any form. Electronic Media that is approved by us or that otherwise is acceptable to us as meeting our standards will be owned by us.

You may not use, reference or otherwise promote the Marks or System in connection with any current or future form of social media networks or platforms, except in accordance with the related standards and restrictions we specify to you periodically under our Methods of Operation. We may require you utilize specified social media networks or platforms to promote client outcomes. We may restrict the Franchised Business, or any individual employed by the Franchised Business, from utilizing social media networks or platforms to promote any individual client outcome without providing additionally any designated reference or attribution to the Marks, or to the System, that we may specify to you.

Computer Equipment and Online Communications (Franchise Agreement Sections 9.2, 12).

Generally. You must use any required computer system ("Computer System) that we specify to you. Presently, any software or hardware we require you to use is not proprietary. You must, at your own expense, upgrade or replace your Computer System whenever we require it, and we have no obligation to assist you in obtaining hardware, software or related services. You may be required, at your own expense, to maintain any service plan that we specify for any required Computer System, and which incorporates any updates to any Computer System that we require. There are no contractual limits on the frequency or cost of your obligation to obtain these types of upgrades.

You are responsible, at your own expense, for upgrading all computer hardware and software, as necessary, in order to bring the franchise into compliance with our system standards. We have the right, as often as we deem appropriate, including on a daily basis, to access any Computer System that you are required to maintain in connection with the operation of the franchise and to retrieve all information relating to the operation of the franchise. (Section 18.2.).

Computers. You will need a minimum of 3 Dell® business laptop computers for each of your field staff. We will provide you with one custom Dell business laptop computer preloaded with all our mandatory software. You are not required to purchase the initial Dell business laptop computer from us as an additional expense to you. Currently, each Dell business laptop computer requires a docking station, 8GB Ram, i5 Processor, and a Windows 10 operating system.

Additionally, you will need 1 Dell business desktop computer for use of your office staff at the Franchised Business. The required Dell business desktop computer will need a docking station, 8GB Ram, i5 Processor, and a Windows 10 operating system. Also, you will need 2 20 to 22 inch computer monitors per work station. The current estimated cost of each laptop computer and the desktop computer is $1,000 per computer. The required computers can be purchased directly from Dell Inc., 1 Dell Way, Round Rock, Texas, 78682 (www.dell.com), Phone: 1-877-289-3355, or from an authorized vendor.

You will need to purchase an Apple® iPpad mini tablet computer (4th generation or later) with cellular service, prior to your initial training program with us. The iPad mini is available from Apple Inc., or from one of their Apple Store locations. The current estimated cost of the required iPad tablet computer is $300 to $400.

Software and Hardware.

You must use LMN proposal software in operating the Franchised Business. The LMN software is used for preparing bid requests, making estimates, generating leads, managing proposals, scheduling projects, and budgeting projects. The LMN proposal software is owned by LMN, 425 Whitevale Road, Whitevale, Ontario L0H1M0, Phone: (888) 347-9864. You will reimburse us each month for amounts we pay to LMN for your access to the LMN software. The estimated cost of the LMN® software is $440 per month.

Additionally you must reimburse us each month for access to our required intranet based customer relationship management ("CRM") system. The CRM system is used principally for

generating and managing customer leads, and for managing customer data for the Franchised Business. Currently the amount you will pay us for access to the CRM system is $40 per month.

Also, you will reimburse us each month for access to Microsoft Office 365® hosted email services. The amount you will pay us each month depends on the number of seat licenses needed for the Franchised Business. The current amount you will pay us is $8.84 for each of the first 4 licenses and $10 for each additional license needed for the Franchised Business.

You must use Realtime Landscaping® Architect software for designing landscape plans and preparing customer presentations. The Realtime Landscaping Architect software is available from Idea Spectrum, Inc., P.O. Box 7920, Bonney Lake, WA 98391, (www.ideaspectrum.com) , Phone: 1-866-894-4332. We estimate the current cost of the required version of Realtime Landscaping® Architect software is $399 for the initial year and $199 for each yearly upgrade. We recommend the yearly upgrade but presently do not require it.

You must use DocuSign® software for electronic signature services for the Franchised Business. The required DocuSign software is available from DocuSign Inc., 221 Main St., Suite 1000, San Francisco, CA 94105 (www.docusign.com), Phone: 1-877-720-2040. The current estimated cost of the DocuSign software is $25 per license issued to the Franchised Business.

You must use QuickBooks® online software for invoicing and financial record keeping for the Franchised Business. The QuickBooks® software is owned by Intuit, Inc., 2700 Coast Avenue, Mountain View, CA 94043, Phone: 650-944-6000. You will pay Intuit, Inc. directly for your access to the QuickBooks® online software. We estimate the current cost of the required version of QuickBooks® online software is $25 per month.

You must use required social media software that you will obtain from our designated vendor. We estimate your current cost of access to the social media software will be $85 each month.

We recommend but don't require you to use Adobe Acrobat Pro® software. The estimated cost of the Adobe Acrobat Pro software is $16 a month per license and we recommend that you maintain 2 to 3 licenses. The Adobe Acrobat Pro software is available from Adobe Systems Incorporated, 345 Park Avenue, San Jose, CA 95110 (www.adobe.com), Phone: 408-536-6000. Additionally, we recommend but don't require you to purchase a license to use Microsoft Office software on the computers used by the Franchised Business.

We will provide you with the principal phone line for your Franchised Business that will be serviced by our required vendor of Voice over Internet Protocol ("VoIP") phone services. Our current VoIP phone services vendor is Vonage, 23 Main Street, Holmdel, NJ 07733. You must pay Vonage all required amounts for maintaining your VoIP phone account. Presently we estimate your monthly cost of the VoIP services will be $20 a month per phone line at the Franchised Business.

Also, you will need an office laser printer and scanner, a copier, as well as a smartphone cell phone for each of your employees, all of which must comply with our specifications. We approve suppliers for hardware and software (see Item 8).

TRANSBLUE Website. You must participate in the TRANSBLUE website on the Internet or other on-line communications. You may not separately register any domain name or operate any website containing any of our Marks without our prior written approval. We determine the content and use of the website and have the right to establish the rules under which franchisees may or must participate in the TRANSBLUE website or separately use the Internet or other on-line communications. We retain all rights relating to the TRANSBLUE website and may alter or terminate the website.

Item 12: Territory

Your Territory. For each Franchised Business, you will be granted a specific non-exclusive territory (the "Territory") in which to operate your franchise. Your Territory will be defined as a specific geographic area identified using commonly understood state, county, municipal or postal area definitions.

We will not operate, or license another person to operate another TRANSBLUE business within your Territory. We will take any reasonable steps we consider necessary to prevent any other person from operating a TRANSBLUE business within the Territory upon our becoming aware of any related activity.

Territory Population. There is no minimum area granted to a franchisee but our typical franchise territory formula is that your Territory will contain a population of not less than 100,000. The basis for determining the approximate size of a typical territory is the experience of our Affiliate in operating in the Seattle, Washington market.

Territorial Protection Dependent on Required Customer Satisfaction and Customer Retention (Section 7.8). For any customer service program or customer retention program we require for the Franchised Business, you must achieve customer satisfaction index results or customer retention rate results in accordance with our then-current benchmark requirements in the System. Your failure to achieve either the required customer satisfaction index score results, or the required customer retention rate results, is grounds either for us either to require your mandatory attendance at any remedial training program that we specify, or for us to deem your Territory as non-exclusive, or for us to terminate the Franchise Agreement, all in our business judgment.

Other that your failure to achieve the required customer satisfaction index or customer retention rate results, we will not modify the definition of your Territory rights except by mutual written agreement.

Conducting Business Outside of the Territory (Section 7.2). You may not offer, sell, or provide any services or products to a customer account location situated outside of the Territory without our prior written approval. You must notify us of all inquiries for services or products received from any prospective customer account situated outside your Territory. We will forward these types of inquiries to the franchisee, if any, in whose territory the prospective

customer account is situated. If there is no existing franchisee within whose territory the prospective customer account is situated, we may allow you to provide services or products to such customer account for so long as the customer account is not located in the territory of another franchisee.

The Business Location. The Franchise Agreement grants to you the right to own and operate a TRANSBLUE business at a specific principal business address. You may not conduct the business of your TRANSBLUE business at any site other than the approved principal business address, or relocate your TRANSBLUE principal business address without our prior written consent. In our sole business judgment we may approve of the relocation of your franchise business address in certain circumstances, for example where a similar location is available with more favorable lease terms or where the physical condition of the franchise business location requires that you move to another location. You must pay all our reasonable expenses incurred in evaluating any proposed relocation site for the Franchised Business and are responsible for all expenses you incur in moving to the new location.

By virtue of signing the Franchise Agreement, you do not obtain any additional options, rights of first refusal, or similar rights to acquire additional franchises. We do not currently operate, or franchise the operation of any other business selling under different trademarks any services similar to the services offered by TRANSBLUE businesses, and presently we do not have any plans to do so.

Our Rights. Except for rights expressly granted to you under the Franchise Agreement, we retain all of our rights with respect to the Marks, the System and TRANSBLUE businesses anywhere in the world, including the following rights, without compensation to you:

1. outside the Territory we have the right to establish and operate (directly or through an affiliate), and to grant to others the right to establish and operate, any business of any kind;

2. we have the right to establish and operate (directly or through an affiliate), and to grant to others the right to establish and operate, within the Territory and elsewhere, businesses other than TRANSBLUE businesses;

3. we have the right to host one or more websites on the Internet that advertise TRANSBLUE businesses and the services and products they offer and that allow potential clients to contact TRANSBLUE businesses throughout the world, even though a website is accessible to or viewable by persons in the Territory;

4. we have the right to advertise and promote the TRANSBLUE services and products through broadcast, print and electronic media that are broadcast, delivered or otherwise transmitted into the Territory;

5. we have the right to offer and sell any services and products within the Territory and elsewhere under any trade names, trademarks, service marks or trade dress, including the Marks, through any alternative channels of distribution; and

6. we have the right to acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

National Accounts. Periodically we may enter into agreements with certain regional or national businesses (each a "National Account") to provide services to clients at designated National Account locations. We shall identify and designate any National Account in our Operating Manual, and periodically we may add or remove National Accounts. We have sole business judgment on who may provide services or products to any National Account, including at a single location of any National Account. We may, in our sole business judgment, offer you the opportunity to accept and provide services or products under the terms of any National Account agreement (including, without limitation, any central invoicing or fixed fee terms). In the case of a National Account agreement under which the client will pay a fixed amount for services or products at all locations listed in such agreement, we shall allocate reasonably the fixed amount among the TRANSBLUE businesses providing the services or products.

Customer Account Transfers. (Franchise Agreement Section 7.7.). In the event a customer account is identified as part of the territory of another franchisee and you desire to provide products or services to the customer account, you may submit a written request to the other franchisee to purchase from the other franchisee the exclusive rights to provide services or products to the customer account. The other franchisee has no obligation to sell the customer account to you but in the event the other franchisee agrees to sell the rights to the customer account to you, then you must pay the other franchisee a customer account transfer fee ("Customer Account Transfer Fee") in the amount of $500 for the transfer of the customer account. Following any customer account transfer, the transferred customer account will cease being part of the territory of the tranferring franchisee and the customer account will become part of your Territory. We may increase the amount of the Customer Account Transfer Fee periodically during the term of the Franchise Agreement.

Item 13: Trademarks

The TRANSBLUE logotype trademark is the principal trademark you'll use under license from us through the Franchise Agreement. The TRANSBLUE trademark listed below is not registered with the United States Patent and Trademark Office ("PTO"), although we have filed an application for registration. Since we don't have a Principal Register federal registration for the TRANSBLUE trademark, we don't have certain presumptive legal rights granted by a registration.

Our principal trademark is:

TRADEMARK	APPLICATION NUMBER	DATE OF APPLICATION	REGISTER
TB TRANSBLUE	87883243	April 18, 2018	Principal

You must follow our operating procedures when you use our trademarks and service marks (collectively, "Marks"). You cannot use the Marks as part of your corporate name. You may not use the Marks in the event you wish to advertise the sale of your franchise.

There are no currently effective material determinations of the PTO or Trademark Trial and Appeal Board. There are no pending infringements, oppositions or cancellations concerning the Marks. There is no pending material litigation involving the Marks. We have filed all required affidavits.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks in the state where your TRANSBLUE franchise may be located.

During the term of the Franchise Agreement, and any renewal or extension hereof, you must identify yourself as the owner of the TRANSBLUE Franchised Business (in the manner required by us) in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, and contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations at the Franchised Business, as we may designate in writing.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark under the Franchise Agreement and, except as provided in the Franchise Agreement, for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, if you have timely notified us of the claim or proceeding and you and your owners are in compliance with the Franchise Agreement and all other agreements entered into with us and our Affiliate(s). In our or our Affiliate(s)' sole business judgment, we will be entitled to prosecute, defend or settle any proceeding arising out of your use of any Mark, and, if we or our Affiliate(s) decide to prosecute, defend or settle any matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain.

We have the right to modify, add to, or discontinue use of the Marks, or to substitute different Marks, for use in identifying the TRANSBLUE System and the businesses operating under the Marks. You must promptly comply with any required changes, revisions and/or substitutions, and will pay all the costs of modifying your signs, advertising materials, graphics and any other items which bear the Marks. We have no liability or obligation whatsoever with respect to any required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress.

Item 14: Patents, Copyrights, and Proprietary Information

You do not receive the right to use any items covered by a federally registered patent or copyright, but you must use the proprietary information contained in our Operations Manual. The Operations Manual and the specifics on your use of the Operations Manual are described in the Franchise Agreement. Although we haven't filed any additional applications for copyright registration, we claim copyright protection for the Operations Manual, software, advertising materials, and other materials we give you for your use or for public dissemination, other proprietary information and publications we own or have acquired under license from a third party, and everything concerning the TRANSBLUE System. All of this is our proprietary intellectual property.

Item 15: Obligation to Participate in the Actual Operation of the Franchised Business

Managing Owner. Your Managing Owner must personally manage and operate the franchise and you may not, without our prior written consent, delegate your Managing Owner's authority and responsibility with respect to management and operation. You must at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement, continuously exert your best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with your obligations to operate the Franchised Business in compliance with the Franchise Agreement.

The Managing Owner must be an individual approved by us who must have the authority to bind you regarding all operational decisions with respect to your TRANSBLUE business and have completed our training program to our satisfaction.

Your TRANSBLUE Franchised Business must, at all times, be managed by a manager or supervisor who we have approved and who has completed our training program to our satisfaction. Your manager need not have an equity interest in the franchise.

Confidentiality. As more fully described in the Franchise Agreement, you must implement all reasonable procedures we prescribe periodically to prevent unauthorized use or disclosure of confidential information. These procedures may include the use of nondisclosure agreements with your owners, officers, directors, managers, assistant managers, and other employees or personnel. You and your owners must deliver these agreements to us. At the end of the term of a Franchise Agreement, you must deliver to us all confidential information.

We may require certain Owners, managerial or other employees of the Franchised Business to sign a separate non-competition agreement with us under our Methods of Operation. The non-competition agreement contains covenants to maintain the confidentiality of information an individual receives in connection with their relationship to the TRANSBLUE Franchised Business. A sample copy of our current Confidentiality Agreement and Ancillary Covenants Not to Compete form is attached to the Franchise Disclosure Document in Exhibit "E".

Any employee or independent contractor of the Franchised Business with access to your Computer System (as defined in the Franchise Agreement) or reasonably who may obtain information concerning the Computer System, must sign our designated Confidentiality Agreement. A sample copy of our current Confidentiality Agreement for employees or independent contractors with access to the Computer System is attached to the Franchise Disclosure Document in Exhibit "E".

Guaranty. If you are a corporation, limited liability company, or other form of legal entity, one, some or all of your owners as we deem necessary must be personally bound, jointly and severally, by your obligations under the Franchise Agreement. A copy of this guaranty is attached to the Franchise Agreement as Appendix C.

Typically, we do not require spouses or children of the franchisee or its owners to sign confidentiality agreements, the Franchise Agreement, or a personal guaranty unless the individual has an ownership interest in the franchisee.

Item 16: Restrictions on What the Franchisee May Sell

You must operate your TRANSBLUE Franchised Business in accordance with our Operations Manual and our TRANSBLUE System. Our Operations Manual and our TRANSBLUE System contain mandatory and suggested specifications, standards, operating procedures and rules that we prescribe periodically for the operation of a TRANSBLUE business and information relating to your other obligations under the Franchise Agreement and related agreements. The Operations Manual may be modified by us periodically to reflect changes in our TRANSBLUE System.

You may only offer and sell those services and products that we have approved. You must offer all services and products that we designate as required for all franchisees. We have the right to add additional authorized services and products that you must offer through your franchise location. There are no limits on our right to do so.

Item 17: Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement.

PROVISION	*SECTION IN FRANCHISE AGREEMENT*	*SUMMARY*
a. Length of the franchise term	1.2	Term is 10 years.

PROVISION	*SECTION IN FRANCHISE AGREEMENT*	*SUMMARY*
b. Renewal or extension of the term	21	Successive 10 year terms may be granted if you are not in default of any provisions of the Franchise Agreement.
c. Requirements for franchisee to renew or extend	21	Renewal means continued rights to operate in the same Territory as identified in the initial Franchise Agreement. You may need to bring the franchise into compliance with our system standards, and will need to sign a new franchise agreement and pay a renewal franchise fee. The renewal franchise agreement may contain terms or conditions that materially differ from your original Franchise Agreement.
d. Termination by franchisee	25	By operation of law only following dispute resolution.
e. Termination by franchisor without cause	Not applicable	We will not terminate without cause.
f. Termination by franchisor with cause	22	Material, uncured breaches of the Franchise Agreement.
g. "Cause" defined – curable defaults	22.3	You may cure certain deficiencies in the operation of the franchise (such as payment to us of overdue amounts; submission of required reports; violation of health; sanitation or safety laws; failure to file the required number of tax returns; etc.) which if uncured would result in the termination of the Franchise Agreement.
h. "Cause" defined – non-curable defaults	22.2	Certain deficiencies in the operation of the franchise (such as you or your owners conviction of a felony; your disclosure of Confidential Information; your making a material misrepresentation or omission in connection with your purchase of the franchise; etc.) are inherently incurable and will result in termination of the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	23	Pay us what you owe us; cease using the Marks; and follow our termination procedures; transfer all telephone numbers of the Franchised Business to us; give us all copies of your customer lists; cancel fictitious business names, adhere to the covenant not to compete in the Franchise Agreement.
j. Assignment of contract by franchisor	20.1	Fully transferable by us.
k. "Transfer" by franchisee - definition	20.3	Includes any transfer of ownership.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
l. Franchisor approval of transfer by franchisee	20.2	Our approval of any transfer is required prior to your transferring the franchise to a third party. However, will not unreasonably withhold our approval where the proposed transferee meets all our conditions for approval.
m. Conditions for franchisor approval of transfer	20.4	You must pay our transfer fee and all other expenses we incur in approving the transfer. The proposed transferee must meet our standards as to character, financial resources, and willingness to assume the existing obligations under the Franchise Agreement, sign our then-current form of franchise agreement, and complete training.
n. Franchisor's right of first refusal to acquire franchisee's business	20.9	We can match any offer for your franchise.
o. Franchisor's option to purchase franchisee's business	23.6	60 day option upon termination or expiration.
p. Death or disability of franchisee	20.6	A replacement manager must be trained.
q. Non-competition covenants during the term of the franchise	16.1	No direct or indirect interest in a Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	23.4	After termination or expiration of the Franchise Agreement, you may not operate a similar type of business for a period of 36 months operating at the franchise location, within the Territory, or operating in any area within a radius of 100 miles from the principal business address of any other then-existing TRANSBLUE business.
s. Modification of the agreement	25.16	Must be in writing.
t. Integration/merger clause	25.18	Oral statements not binding. Franchise Agreement is the entire agreement (subject to federal law). Any promises not contained in the Franchise Agreement or this Franchise Disclosure Document may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim our representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	25.12	All disputes resolved by mediation or arbitration except for actions for declaratory or equitable relief, actions in ejectment or for possession of any interest in real or personal property, or actions which by applicable law can't be arbitrated

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of forum	25.14	Washington, unless superseded by state law.
w. Choice of law	25.13	Washington, except superseded by state law.

Item 18: Public Figures

There are no public figures involved in the sale of this franchise.

Item 19: Financial Performance Representations

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to President, Transblue Franchise Company, LLC, 18717 76th Avenue West, Lynnwood, Washington 98037, (425) 658-0098, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Representations

Table No. 1
Systemwide Outlet Summary
For Years 2015 to 2017

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Company-Owned	2015	0	0	0
	2016	0	0	0
	2017	0	1	+1
Total Outlets	2015	0	0	0

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
	2016	0	0	0
	2017	0	1	+1

Table No. 2
Transfers From Franchisees to New Owners (Other than the Franchisor)
For Year 2015 to 2017

Column 1 State	Column 2 Year	Column 3 Number of Transfers
We do not have any franchises currently	2015	0
	2016	0
	2017	0

Table No. 3
Status of Franchised Outlets For Years 2015 to 2017*

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina-tions	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
We do not have any franchises currently	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
Status of Company-Owned Outlets For Years 2015 to 2017

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
None	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1
Total	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1

Table No. 5
Projected Openings as of December 31, 2017

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the 2018 Fiscal Year	Column 4 Projected New Company-Owned Outlets in 2018 Fiscal Year
Washington	0	1	0

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the previous three fiscal years, no franchisee signed any confidentiality clauses which restricted the franchisee from freely communicating with prospective franchisees concerning the franchisee's experience with the franchise system.

Item 21: Financial Statements

Attached to this disclosure document as Exhibit "C" are our reviewed financial statements, as of August 31, 2018. Prospective franchisees should be advised that no Certified Pubic Accountant has audited these figures or expressed an opinion with regard to content or form of our initial reviewed financial statements.

Our Fiscal Year Ends on December 31.

Transblue Franchise Company, LLC has not been in business for three years and therefore presently is not able to disclose all financial statements that will be required to be disclosed in the future under the Federal Trade Commission's Franchise Rule.

Item 22: Contracts

Attached to this disclosure document as Exhibit "A" is our Franchise Agreement and Exhibits: (A) Franchise Ownership and Management; (B) Location and Territory; (C) Guarantee and Assumption of Obligations; (D) Communications Assignment; (E) Electronic Funds Transfer Authorization; and Acknowledgment Addendum to the Franchise Agreement.

Attached to this Franchise Disclosure Document as Exhibit "D" is a sample copy of the current general release form that we use as a condition of renewal or assignment/transfer.

Attached to this disclosure document as Exhibit "E" is sample copy of our current confidentiality agreement and covenants not to compete form.

Item 23: Receipts

The Receipts to be signed by all prospective franchisees are attached in duplicate at the very end of this Franchise Disclosure Document (identified as Exhibit "G"). You will sign and date one copy and give it to us at the time we present it to you. Your copy of the receipt is attached at the end of this Franchise Disclosure Document. This Disclosure Document

summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

The name, principal business address and telephone number of each franchise seller offering the franchise is identified on the Receipts.

[THE DISCLOSURE DOCUMENT ENDS HERE]

TRANSBLUE

EXHIBIT "A"
TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

TABLE OF CONTENTS

Section	Heading
	Definitions
1	Acknowledgments and Grant of Franchise
2	Initial Franchise Fee and Payments
3	Royalty and Other Fees
4	Performance Requirements
5	Ownership and Management
6	Start of Business
7	Territory
8	Location
9	Business Development
10	Training
11	Pre-Opening Requirements
12	Operation Requirements
13	General Guidance
14	Marks
15	Confidential Information
16	Exclusive Relationship
17	Marketing
18	Records, Reports and Financial Statements
19	Inspections and Audits
20	Transfer and Assignment
21	Expiration of this Agreement
22	Default and Termination
23	Rights and Obligations upon Termination or Expiration of this Agreement
24	Relationship of the Parties and Indemnification
25	Enforcement and Miscellaneous Matters
26	Notices and Payments

Appendices

Appendix A – Franchise Ownership and Management
Appendix B – Location and Territory
Appendix C – Guaranty and Assumption of Obligation
Appendix D – Communications Assignment
Appendix E – Electronic Funds Transfer Authorization
Acknowledgment Addendum to the Franchise Agreement

TRANSBLUE
FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** ("Agreement") is made and entered into this _____day of _____, 20_____, by and between Transblue Franchise Company, LLC, a limited liability company formed under Washington law, with its principal business address at 18717 76th Avenue West, Lynnwood, Washington 98037, (referred to in this Agreement as "Franchisor," "we," "us" or "our"), and _____, a [STATE/TYPE OF ENTITY] with its principal business address at _____ (referred to in this Agreement as "Franchisee," "you," "your" or "Owner").

DEFINITIONS. Words and phrases used frequently in this Agreement will have the meaning indicated:

"Accounting Period" means each calendar month during the Term of the Agreement.

"**Ad Fee**" means the amount of money that you are required to contribute to the Advertising Fund.

"**Advertising Fund**" means the pool of money controlled by Transblue Franchise Company, LLC for the purpose of advertising, marketing and other promotional activities to promote TRANSBLUE businesses.

"Affiliated Companies" or "Affiliate(s)" means any person or company that, directly or indirectly, controls, is controlled by, or is under common control with, the referenced party.

"Agreement" or "Franchise Agreement" means this document, all its attachments, exhibits, stipulations, and schedules and written modifications whenever made.

"Approved Supplier" means any supplier, including us, an Affiliate of ours, or an independent third party, authorized by us in writing to manufacture and/or provide Services and Products and any other items, supplies, raw materials, fixtures, furnishings, equipment (including computer systems and software), business services, and other designated items used in the operation of a TRANSBLUE business.

"Competitive Business" means any business that offers, sells, or provides general contracting services, landscape design and construction services, snow plowing services, concrete or asphalt construction services, swimming pool installation services, or any business that offers, sells, or provides services, products, materials, items, or equipment that are the same or similar to those offered by TRANSBLUE businesses, or any business that offers franchises or licenses to others to operate any business that offers, sells, or provides general contracting services, landscape design and construction services, snow plowing services, concrete or asphalt construction services, or any business that offers, sells, or provides services, products, materials, items, or equipment that are the same or similar to those offered by TRANSBLUE businesses.

"Computer System" means the brands, types, makes, and/or models of communications, computer systems, and hardware to be used by you under the System, including without limitation: (a) back office and point of sale systems, data, audio, and video systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems.

"Control" or "Controlling Interest" means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"**Corporation or Partnership**" includes, if applicable, reference to your formation as a limited liability company, limited liability partnership, or any other type of limited liability entity.

"Customer Account Transfer Fee" means the amount payable from one franchisee to another for the right to provide Services and Products to a designated customer account.

"Designated Bank Account" means the bank account from which we shall be authorized by you to withdraw in any manner which we prescribe, which may include electronic funds transfer ("EFT") or wire transfer, any amounts due to us or any Affiliate(s) from you under this Agreement, including Royalty fees due, and to which we shall deposit, which may include by EFT or wire transfer, any amounts due to you from us under this Agreement.

"Effective Date" means the date this Agreement becomes effective as designated on the Signature Page of this Agreement.

"EFT" means electronic funds transfer.

"**Electronic Media**" means any electronic document, application, or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes, and/or relates in any way to TRANSBLUE businesses, the Franchised Business, the Marks, the System and/or the Franchisor. Electronic Media further includes the TRANSBLUE Website, web pages, and website subdomains (including those related to, associated with and/or a part of the TRANSBLUE Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, subdomains and all other media, and/or publications relating to the System, that is displayed and/or transmitted electronically.

"Franchisee" means the business entity or individual identified in this Franchise Agreement as the legal owner of the Franchised Business.

"Franchised Business" means the TRANSBLUE business operated under the terms of this Agreement.

"Franchisor" means Transblue Franchise Company, LLC.

"Gross Revenue" means the total revenue and other consideration you derive from operating the Franchised Business, and whether from cash, check, credit, or barter transactions, and including e-commerce transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by the Franchised Business in compliance with our Methods of Operation. Gross Revenue shall include additionally all total revenue and other consideration you, or any other business owned or operated by you, or any other business owned or operated by any of your Owners, derives from any general contracting related services, unless any other such revenue is specifically excluded from your Gross Revenue, as determined by us in writing in our sole business judgment.

"Guarantor" means any person who signs the Guaranty and Assumption of Obligations found in Appendix C to the Agreement.

"Location(s)" means your principal place of business and any other places where we authorize you to operate the Franchised Business, as identified in Appendix B to the Franchise Agreement.

"Managing Owner" means the Owner of the Franchised Business who has all the authority necessary to carry out day to day business decisions, answer any questions or requests we have, and bind you.

"Marks" means the current and future trade names, trademarks, service marks and trade dress used to identify TRANSBLUE businesses and the services or products offered by TRANSBLUE businesses, including the "TRANSBLUE" mark and the distinctive color scheme and signage of TRANSBLUE businesses.

"Methods of Operation" means the mandatory and suggested specifications, standards, operating procedures and rules that we prescribe for the operation of the Franchised Business.

"National Accounts" means regional or national businesses with which we've agreed to provide services or products to customers at certain specified National Account locations, which may include National Account locations within your Territory.

Ongoing Local Marketing Expense" means the minimum amount you must spend each calendar year for locally advertising and marketing your Franchised Business according to our required standards and specifications.

"Online Resource Center" means the Internet-based online system we may establish to provide information concerning the services or products offered within the System, or to serve as a resource for customers or franchisees.

"Operations Manual" means our confidential policy manual, as amended from time to time, which may consist of one or more manuals, including any of our operating system manuals, product compliance manuals, management training manuals, and product handling training manuals containing our mandatory and suggested Standards relating to the development and operation of TRANSBLUE businesses and other information relating to your obligations under this Agreement, which we furnish to franchisees from time to time for use in operating a TRANSBLUE business. The term "Operations Manual" also includes any directives or other information or materials provided to franchisees (by any means whatsoever) in connection with the operation of a TRANSBLUE business that we deem part of the Operations Manual. The Operations Manual may take the form of one or more of the following, but not limited to: one or more loose leaf or bound volumes; bulletins; notices; videos; CD-ROMS and/or other electronic media; online postings; e-mail and/or electronic communications; facsimiles; or any other medium capable of conveying the Operations Manual's contents. The Operations Manual will, among other things, set forth our operating systems, procedures, policies, methods, standards, specifications, and requirements for operating your Franchised Business. You agree to operate your Franchised Business in strict compliance with the Operations Manual. We have the right to prescribe additions to, deletions from, or revisions of the Operations Manual ("Supplements to the Operations Manual"), all of which will be considered a part of the Operations Manual. All references to the Operations Manual in this Agreement will include the Supplements to the Operations Manual. Supplements to the Operations Manual will become binding on you as if originally set forth in the Operations Manual, upon being delivered to you. The Operations Manual and any Supplements to the Operations Manual are material in that they will affect the operation

of the Franchised Business, but they will not conflict with or materially alter your rights and obligations under this Agreement.

"**Owner**" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in you (or a transferee of this Agreement and the Franchised Business or an interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets thereof.

"**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative or other legal or functional entity.

"Preferred Vendor" means any supplier of products or services to your Franchised Business that we designate under our Methods of Operation as a "Preferred Vendor".

"**Royalty**" means the required monthly fee that you must pay us to operate as a TRANSBLUE business utilizing the System.

"Services and Products" means the authorized Services and Products, including, without limitation, the services, products, goods, materials, items, equipment, apparel, promotional items or any other ancillary merchandise designated by us from time to time for sale or resale at or from TRANSBLUE businesses, website or other affiliated locations.

"Professional Organization Fees" means the fees you pay to belong to any industry professional organization that we require you to belong during the Term of the Agreement.

"**Section**" means any specified numbered section or sub-section contained in this Agreement.

"Standards" means our required standards specified to you for operating the Franchised Business including, without limitation, those for required Services and Products, customer service, hours, and employee training.

"System" means the plan and system as updated and revised from time to time for offering and providing our Services and Products, using our software, accounting methods, vehicles, equipment selection, advertising, promotional techniques, personnel training and quality standards that feature the Marks and includes all proprietary materials, our Standards and our Marks.

"Technology Fee" means the monthly fee you pay to us for ongoing access to our TRANSBLUE Website and related Electronic Media.

"Term" means the ten (10) year period under which the Agreement is effective, unless otherwise terminated.

"Territory" means the geographic area identified on Appendix B to the Franchise Agreement.

"TRANSBLUE business" means a business offering, selling, and providing landscape design and construction services, snow plowing services, concrete or asphalt construction services, and related Services and Products, under the Marks and using the System that we, or any of our Affiliates, own and operate or license any other person or entity to own or operate.

"**TRANSBLUE Website**" means the web page and/or pages located on the world wide web at the www.transblue.org URL (uniform resource locator) and shall further include all webpages and subdomains (including those that are franchisee and/or geography specific), that are a part of www.transblue.org, or as designated by Franchisor being associated with the URL of www.transblue.org and/or TRANSBLUE businesses.

"We", "us" or "our" means Transblue Franchise Company, LLC, our successors and assigns or our Affiliates.

"You", "your" or "yours" means the Franchisee.

I. ACKNOWLEDGMENTS AND GRANT OF FRANCHISE.

TRANSBLUE franchisees are general contractors employing the services of subcontractors to offer, sell, and provide landscape design and construction services, snow plowing services, concrete or asphalt construction services, and related general contracting services and products. We grant franchises to persons who meet our qualifications and are willing to undertake the investment and effort required to own and operate a TRANSBLUE business through our designated business system, procedures, policies and standards. You have indicated to us by your actions and statements that you desire to own and operate a TRANSBLUE business.

1.1. Acknowledgments.

1.1.1. **Independent Investigation**. You acknowledge that you have conducted an independent investigation of the business franchised hereunder, and recognize that the business venture contemplated by this Agreement is speculative and involves business risks, and that its success depends to a material extent upon the ability of your Owners as independent businesspersons, as well as other factors. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement, and you represent and warrant that you have not entered into this Agreement in reliance upon any representation, oral or written, by us as to potential or expected sales or profits.

1.1.2. **Your Independence**. You acknowledge and agree that:

1.1.2.1. you are the only party that employs your employees (even though we may provide you with advice, guidance, and training);

1.1.2.2. we are not the employer of any of your employees, and we will not play any role in decisions regarding their employment (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

1.1.2.3. the guidance that we provide and requirements under which you will operate are intended to promote and protect the value of the TRANSBLUE brand and the Marks;

1.1.2.4. when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement

our standards for your business (including but not limited to our System and the requirements under this Agreement); and

1.1.2.5. you have made (and will remain responsible at all times for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including but not limited to adopting our standards as your standards), hiring employees and employment matters (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal), engaging professional advisors, and all other facets of your operation.

1.1.3. **Success Depends on You**. You acknowledge and agree that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated under this Agreement.

1.1.4. **Acknowledgment of Receipt**. You represent and agree that you received our Franchise Disclosure Document (with all its exhibits and this Agreement with all its exhibits) at least fourteen (14) calendar days before your signing of this Agreement or the payment of any monies to us under this Agreement, or earlier upon your reasonable request. You represent and agree that you received a completed copy of this Agreement and all related agreements with any changes to such agreements unilaterally and materially made by us at least seven (7) calendar days before executing this Agreement.

1.1.5. **Acknowledgment of Understanding; Opportunity to Consult**. You acknowledge that you have read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that we have accorded you ample time and opportunity to consult with an attorney or other advisor of your own choosing about the potential benefits and risks of entering into this Agreement.

1.1.6. **Other Franchise Agreements**. You, and each Guarantor identified in Appendix C, represent that you are not in breach, or are not aware of any breach, of the terms of any other franchise agreement with a third party to which you or any of your Owners holds any interest. You, and each of your Guarantors acknowledge and agree that you shall, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, affiliates and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof, which arises out of or is based upon the breach of the terms of any other franchise agreement to which you or any of your Owners holds any interest.

1.2. **Grant of Franchise**. Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a franchise (the "Franchise") to operate a TRANSBLUE Franchised Business solely at the location (the "Location") identified in Appendix B to this Agreement, and a license to use the Marks and the System in the operation thereof, for a term commencing on the Effective Date of this Agreement and expiring on the tenth (10^{th}) anniversary of that date (the "Term"), unless sooner terminated in accordance with this Agreement. You may

not operate the Franchised Business from any site other than the Location without our prior written consent. You acknowledge and agree that you have no recourse against us if other Franchisees are granted allowances or rights that are not granted to you.

2. INITIAL FRANCHISE FEE AND PAYMENTS.

2.1. **Initial Franchise Fee**. You agree to pay us a one time, non-refundable initial franchise fee in the amount of _____ Dollars ($_____). The initial franchise fee shall be payable from you to us when you execute this Agreement and shall be fully earned by us when you execute this Agreement.

2.2. **Interest on Late Payments**. All amounts which you owe us and do not pay us when due will bear interest from their due date at the highest contract rate of interest permitted by law. You acknowledge that this Section does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Franchised Business. Your failure to pay all amounts then due constitutes grounds for termination of this Agreement, despite the provisions of this Section.

2.3. **Application of Payments and Forms of Payment**. Regardless of any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you owe us against any amounts we might owe you. You acknowledge and agree that under our Methods of Operation we may specify the acceptable forms of payment from your customer accounts, including the restriction that you not accept payment in cash.

2.4. **Designated Bank Account**. Prior to the opening of the Franchised Business, and as a condition thereof, you shall establish a designated bank account ("Designated Bank Account") from which we shall be authorized by you to withdraw in any manner which we prescribe, which may include EFT or wire transfer, any amounts due to us or any Affiliate(s) from you under this Agreement, including Royalty fees due, and to which we shall deposit, which may include EFT or wire transfer, any amounts due to you from us under this Agreement. All costs and expenses of establishing and maintaining such designated account, including transaction fees and wire transfer fees, shall be paid by you. You agree to execute attached Appendix E ("Electronic Funds Transfer Authorization") and you agree to maintain at all times sufficient funds in such Designated Bank Account for any allowable withdrawals by us.

3. ROYALTY AND OTHER FEES.

3.1. **Royalty.** You agree to pay us a royalty ("Royalty") each calendar month (the "Accounting Period") during the term of the Agreement. The Royalty payable from you to us each Accounting Period shall be the greater amount of either six percent (6%) of Gross Revenue derived by the Franchised Business during each respective Accounting Period or a minimum Royalty in the amount of One Thousand Seven Hundred Fifty Dollars ($1,750) per Accounting Period.

3.2. **Royalty Due Dates and Customer Accounts**.

3.2.1. **Royalty Collected By Us.** For all Gross Revenue collected by us, we will collect the Royalty and any other amounts due to us under this Agreement, on or before the last day of the Accounting Period. We will pay you collected Gross Revenue, less the Royalty and any other amounts due under this Agreement, within five (5) days of the close of the Accounting Period, by EFT, or by any other form of delivery that we may specify or

approve, as we determine in our sole business judgment. Additionally we will provide you with a statement showing collected Gross Revenue and a statement identifying all outstanding invoices for your Franchised Business.

3.2.2. **Royalty Payable By You.** For all Gross Revenue collected by you, you must pay us the Royalty and any other amounts due under this Agreement, within five (5) days of the close of the Accounting Period, by EFT, or by any other form of delivery that we may specify or approve, as we determine in our sole business judgment. Additionally, you agree to deliver to us within five (5) days of the close of the Accounting Period, a statement of collected Gross Revenue and a statement of any outstanding invoices, with any such statement in such form as we specify, in our sole business judgment, and by such form of delivery as we specify, in our sole business judgment.

3.2.3. **Customer Accounts.** You acknowledge and agree that we may invoice any or all of your customer accounts pursuant to our Methods of Operation. You acknowledge and agree that in our sole business judgment we may determine the credit worthiness of any customer account of your Franchised Business. We may maintain any and all of your accounts receivable under our Methods of Operation and, in such case, we will use commercially reasonable efforts to collect all amounts owed to you from your customer accounts we maintain. We are your exclusive agent for collection under this Section until we send you a statement of outstanding invoices. **WE MAKE NO WARRANTY OR GUARANTY WHATSOEVER THAT WE WILL BE ABLE TO COLLECT ANY OR ALL AMOUNTS OWED TO YOU FROM YOUR CUSTOMER ACCOUNTS.** If, after ninety (90) days, we are not able to collect amounts owed from any of your customer accounts, it will be your responsibility to collect any outstanding amounts owed to you on such customer account.

3.3. **Technology Fee.** In addition to the Royalty, you agree to pay us each Accounting Period a technology fee ("Technology Fee") for use and maintenance of our TRANSBLUE Website and related System software. The Technology Fee presently is Six Hundred Dollars ($600) per Accounting Period. We may increase the Technology Fee periodically during the Term of the Agreement, upon thirty (30) days prior written notice from us to you, provided however that any such increase shall not occur more than one (1) time in any period of twelve (12) consecutive Accounting Periods. The Technology Fee shall be due and payable at the same time and in the same manner as the Royalty.

3.4. **Professional Organization Fees**. You acknowledge and agree that at all times during the Term of the Agreement, you must join and belong, in good standing, to such industry professional organizations that we may designate, in our sole business judgment. You acknowledge and agree that at all times during the Term of the Agreement, the Franchised Business must be certified in compliance with such industry standards as we designate, in our sole business judgment. You acknowledge and agree that you are responsible solely for paying any initial and ongoing professional organization fees or accreditation fees ("Professional Organization Fees") that any professional organization we designate as required may charge in order to belong to, or be accredited by, such organization.

3.5. **Authorized Payment to Preferred Vendors**. You acknowledge and agree that in order to insure quality and consistency at all TRANSBLUE businesses, we may require that you obtain products or services from certain designated suppliers. Pursuant to our Methods of Operation, we may identify certain suppliers as a Preferred Vendor, which may include us, or any Affiliate. You hereby acknowledge and agree that in the event we receive notice from any Preferred Vendor that

you are over ninety (90) days past due on any payment to such Preferred Vendor, and you have not provided any notice to the Preferred Vendor disputing such overdue amount prior to our receipt of notice from the Preferred Vendor concerning any such past due amount, you hereby authorize us to make payment on your behalf of any such overdue amount to the Preferred Vendor. You acknowledge and agree if we elect to pay any such overdue amount to any such Preferred Vendor, then you shall be liable to us for the full amount of any such payment, including all related expenses and interest. You acknowledge and agree that you must reimburse us immediately for any such payment amount we make to a Preferred Vendor immediately upon your receipt of our written notice. You acknowledge and agree that we may withdraw directly from the Designated Bank Account any such amount due to us under this Section.

3.6. **Design Services Fees**. You acknowledge and agree that in the event you require us to provide any specialized design services support for your customer accounts, then we may charge you our standard hourly fees for providing any such services, as we may specify to you periodically during the Term of the Agreement under our Methods of Operation.

4. PERFORMANCE REQUIREMENTS.

4.1. **Performance Standards.** You agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder, continuously exert your best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with your obligations to operate the Franchised Business in compliance with this Agreement.

4.2. **Days of Operation**. You acknowledge and agree that, as required by our Methods of Operation, the Franchised Business must operate the entire calendar year, unless otherwise approved in writing by us, and must be managed at all times by your Managing Owner or an Owner or employee approved in writing by us.

4.3. **Storage and Handling of Products and Equipment.** You acknowledge and agree that the quality and consistency of our Services and Products is essential and critical to the success of the Franchised Business and the ongoing goodwill of the Marks and System. Therefore, you acknowledge and agree that at all times during the Term of the Agreement you must store and maintain all specified products, materials, items, and equipment in a controlled environment that is in compliance with our Standards as we specify to you under our Methods of Operation, in our sole business judgment. You acknowledge and agree that you must comply strictly with our standards and specifications in respect to containment, flammable storage, rooms, ventilation, and storage temperature required for any product, ingredient, material, item or equipment, or in respect to handling of any product, ingredient, material, item or equipment, or with any other similar standards or specifications we may designate in our sole business judgment.

5. OWNERSHIP AND MANAGEMENT.

You acknowledge and agree that your Managing Owner must personally manage and operate the Franchised Business as a primary occupation and you may not, without our prior written consent, delegate your Managing Owner's authority and responsibility with respect to management and operation.

5.1. **Managing Owner**. You acknowledge and agree that your Owners and you will grant to one individual (the "Managing Owner"), the authority to legally bind you in any dealings with us, or our Affiliates, and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Franchised Business. The Managing Owner, at all times

during the Term of the Agreement, shall maintain management Control of the Franchised Business, or shall have like authority, ownership, managerial control and voting power in any limited liability company, partnership, or other form of entity, unless otherwise agreed upon in writing by us. You will notify us thirty (30) days in advance of any change in the identity of the Managing Owner. Where such change results from the death or incapacity of the Managing Owner, you shall immediately notify us of such death or incapacity and you will appoint a new Managing Owner within sixty (60) days after such death or incapacity. We reserve the right to review and disapprove of any newly appointed Managing Owner within ten (10) days of notice. We reserve the right to review and approve the authority of the Managing Owner with respect to your Articles of Organization, Limited Liability Company Operating Agreement, Partnership Agreement, Shareholders Agreement, or similar documents. Neither you nor your Owners will, directly or indirectly, take any action to avoid or restrict the authority requirement for the Managing Owner.

5.2. **Business Entity Franchisee**. If you are at any time a corporation, limited liability company, partnership, or other business entity, you agree and represent that, as is applicable to your form of business entity:

5.2.1. Your charter, certificate of formation, or partnership agreement will at all times provide that your activities are confined exclusively to operating the Franchised Business, you will promptly furnish to us copies of your Articles of Incorporation, Articles of Organization, bylaws, partnership agreement, and any other governing documents, and any amendments thereto, including the resolution of the board of directors authorizing entry into this Agreement, and you will have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation. You will notify us within five (5) days whenever there is a change in your corporate status or whenever you receive service of process for any reason;

5.2.2. Your organizational documents or partnership agreement will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

5.2.3. Appendix A to this Agreement will completely and accurately describe all of your Owners and their interests in you; and

5.2.4. Each of your Owners, at any time during the Term of this Agreement, will execute an agreement in the form that we prescribe (see Appendix C to this Agreement) undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us that bind you. You and your Owners agree to execute and deliver to us such revised copies of Appendix A as may be necessary to reflect any changes in the information contained therein and to furnish such other information about your organization or information as we may request within five (5) days of change.

6. START OF BUSINESS.

6.1. **Opening**. You agree to begin operating the Franchised Business within your Territory within one hundred twenty (120) days after the Effective Date of this Agreement. If you fail to begin operating the Franchised Business within one hundred twenty (120) days

after the Effective Date of this Agreement, then we may terminate the Agreement and you will forfeit the initial franchise fee.

6.2. **Training.** You must successfully complete our training program for the Franchised Business to our satisfaction prior to beginning to operate the Franchised Business.

7. TERRITORY.

7.1. **Your Territory**. During the term of this Agreement and for so long as you are not in default under this Agreement, we shall not establish or operate, or license any other person to establish or operate, another TRANSBLUE business providing our authorized Services and Products to customer accounts located within the geographical area set forth in Appendix B to this Agreement (the "Territory"). We shall take such reasonable steps as we consider necessary to prevent any other person from establishing or operating a TRANSBLUE business within the Territory upon our becoming aware of such establishment or operation. You may have the right to enter into agreements for the provision of services at customer locations outside the Territory provided that the terms of any such agreements shall be subject to our prior written approval. Any such services to be performed at a customer location outside of the Territory shall be referred to the TRANSBLUE franchisee, if any, within whose territory such location falls. If such location does not fall within the territory of any such franchisee, we may, at our discretion, allow you to perform such services at such location.

7.2. **Conducting Business Outside of the Territory.** You shall not offer, sell, or provide any services or products to a customer account location situated outside of the Territory without our prior written approval.

7.3. **Customer Referrals.** You shall promptly advise us of all inquiries for services or products received from any prospective customer account situated outside your Territory and shall promptly provide us with copies of all such inquiries made in writing. We shall forward such inquiries to the franchisee, if any, in whose territory such prospective customer account is situated. If there is not such an existing franchisee within whose territory the prospective customer account is situated, we may, in our sole business judgment, allow you to provide services or products to such customer account for so long as the customer account in not located in the territory of another franchisee. In the event we authorize you to provide services or products to a customer account outside your Territory and subsequently the customer account becomes part of the territory of another TRANSBLUE franchisee, you acknowledge and agree that we may require you thereafter to allow the other franchisee to provide Services and Products to such customer account.

7.4. **Our Reservation of Rights.** We retain all rights not expressly granted hereunder, including the following, regardless of the impact on your TRANSBLUE Franchised Business and, except as described below, regardless of proximity to the Territory or your TRANSBLUE Franchised Business:

7.4.1. outside the Territory we have the right to establish and operate (directly or through an Affiliate), and to grant to others the right to establish and operate, any business of any kind, including businesses offering the sale of services or products of any kind;

7.4.2. we have the right to establish and operate (directly or through an Affiliate), and to grant to others the right to establish and operate, within the Territory and elsewhere, businesses other than TRANSBLUE businesses;

7.4.3. we have the right to host one or more websites on the Internet that advertise TRANSBLUE businesses and the Services and Products they offer and that allow potential customers to contact TRANSBLUE businesses throughout the world, even though a website is accessible to or viewable by Persons in the Territory;

7.4.4. we have the right to advertise and promote the TRANSBLUE Services and Products through broadcast, print and electronic media that are broadcast, delivered or otherwise transmitted into the Territory;

7.4.5. we have the right to offer and sell any services or products within the Territory and elsewhere under any trade names, trademarks, service marks or trade dress, including the Marks, through alternative channels of distribution (including Internet sales); and

7.4.6. we have the right to acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

7.5. **National Accounts.** You acknowledge that from time to time we may enter into agreements with certain regional or national businesses ("National Accounts") to provide services or products at certain National Account locations which may include National Account locations within your Territory. We shall identify and designate any such National Accounts in our Operations Manual, and you acknowledge and agree that from time to time during the Term of the Agreement we may add or remove National Accounts, in our sole business judgment. You acknowledge and agree that we have sole business judgment on who may provide services or products to any National Account location, including any such National Account locations that may be located within your Territory. You acknowledge and agree that we may, in our sole business judgment, offer you the opportunity to accept and provide services or products under the terms of any such National Account agreement (including, without limitation, any central invoicing or fixed fee terms) for National Account locations within the Territory. In the case of a National Account agreement under which the customer will pay a fixed amount for services or products at all locations listed in such agreement, we shall allocate reasonably such fixed amount among the TRANSBLUE businesses providing such services or products.

7.6. **Request for Services from New Prospective Customer Account.** In the event we receive in any medium an inquiry from a prospective new customer account requesting the provision of authorized services or products and the customer account is not situated in the territory of any existing franchisee and we do not ourselves elect to provide services or products to such prospective new customer account due to the geographic location of the prospective customer account, then we may offer the opportunity to provide services or products to the customer account to the existing franchisee whose principal business address is the closest to the location of the physical address where services or products are requested to be provided. We shall utilize any generally accepted mapping system we may select, in our sole business judgment, for making our determination of the existing franchisee who shall be offered the opportunity to provide any such services under this Section. In the event you are offered the opportunity to provide such services or products pursuant to this Section and elect not to do so, then we may offer the opportunity to provide services to the existing franchisee whose principal business address is then next closest to the location of the physical address where services or products are requested to be provided.

7.7. **Customer Account Transfer Fee.** In the event a customer account is identified as part of the Territory of another franchisee and you desire to provide services or products to such customer account, you may submit a written request to such other franchisee, with a copy of such written request provided to us, to purchase from the other franchisee the exclusive rights to provide services or products to the customer account. The other franchisee shall have no obligation to sell the customer account to you under this Section. In the event the other franchisee desires to sell the rights to the customer account to you, then the other franchisee shall respond to you in writing of such acceptance of your offer and you shall pay such other franchisee a customer account transfer fee ("Customer Account Transfer Fee") in the amount of Five Hundred Dollars ($500) which shall be due and payable from you to the other franchisee prior to the transfer of the customer account. Following any such customer account transfer under this Section, the transferred customer account shall cease being part of the territory of the transferring franchisee and such customer account shall become part of your Territory. You acknowledge and agree that we may increase the amount of the Customer Account Transfer Fee from time to time during the Term of the Agreement, upon thirty (30) days' prior written notice from us to you, provided however that any such increase shall not occur more than one (1) time in any period of twelve (12) consecutive Accounting Periods.

7.8. **Customer Warranties, Customer Service Programs, and Customer Retention Programs.** You acknowledge and agree that you must participate in any customer warranty programs which we may establish from time to time, and to the extent not limited by applicable laws, you must provide to your customers such warranties regarding the services or products of the Franchised Business as we may reasonably require. You acknowledge and agree that you must participate in any customer service program or customer retention program which we may establish from time to time. You acknowledge and agree that we may contact any of your customer accounts directly at any time to assess your compliance with our customer satisfaction standards. You acknowledge and agree that in evaluating your compliance with our customer satisfaction standards, we may may use any reasonable standards that we may elect, in our sole business judgment, including without limitation customer surveys and online reviews. You acknowledge and agree that your failure to comply in all respects with the requirements of any such customer service program or customer retention program, or your failure to achieve customer satisfaction results in accordance with our required customer satisfaction index score for any customer service program, or your failure to achieve our required customer retention rate for any customer retention program, all as determined by us in our sole business judgment, is a material breach of this Agreement. You acknowledge and agree that either we may require your mandatory attendance at any remedial training program that we specify, or we may deem your Territory non-exclusive in respect to us being authorized to allow any other person to operate a TRANSLBUE business within the Territory, or otherwise we may elect to terminate the Agreement effective immediately upon your receipt of our written notice to you.

8. LOCATION.

It is your responsibility to find a Location within your Territory to operate the Franchised Business. You must submit to us, according to our procedures, a proposed Location for your Franchised Business for our approval.

8.1. **Business Location**. You must locate a site for the Franchised Business and have the Location approved by us. We have the right to approve the terms of any lease, sublease or purchase contract for the Location, and you agree to deliver a copy of any proposed lease, sublease or purchase contract to us for our approval before you sign it. Our approval of the lease, sublease or purchase contract does not constitute a warranty or representation of any kind, express or implied,

as to its fairness or suitability or as to your ability to comply with its terms. We do not, by virtue of approving the lease, sublease or purchase contract, assume any liability or responsibility to you or to any third parties. You agree that any lease or sublease for the Location must, in form and substance, be satisfactory to us and must comply with any requirements set forth in our Standards. You acknowledge that we have advised you to seek legal counsel to review and evaluate any proposed lease. You must deliver a copy of the fully signed lease, sublease or purchase contract to us within fifteen (15) days after its execution.

8.2. **Location Approval.** We will make reasonable efforts to make a determination on your proposed site within twenty (20) days after receipt of all information we require concerning the proposed site and any other materials that we have requested. We will furnish you with our standard site selection criteria and assistance for the Franchised Business, as we may establish from time to time. We also will provide such on-site evaluation of sites proposed pursuant hereto, as we deem necessary or appropriate.

8.3. **Qualifying Factors.** Factors used by us in deciding whether to accept or reject a proposed site may include, but is not limited to, the general location and neighborhood, demographic information, traffic patterns, zoning, access, visibility, and size, condition, configuration, appearance and other physical characteristics of the site.

8.4. **Independent Investigation.** Your decision to develop and operate the Franchised Business at any particular site is based solely on your own independent investigation of the suitability of the site for the Franchised Business. You acknowledge and agree that your acceptance of the proposed site is based on your own independent investigation of the suitability of the proposed site.

8.5. **Disclaimer of Guarantee**. Our recommendation or approval of any proposed site and any information communicated to you regarding such site does not constitute a representation or warranty of any kind, express or implied, as to the suitability or success of such Location. Our recommendation or approval of the proposed site indicates only that the proposed site satisfies the general guidelines and criteria that we have established for locations.

8.6. **General Release**. In consideration of our acceptance of a proposed site, you and your Owners agree to release us, and our Affiliates, officers, directors, employees and agents from any and all loss, damages and liability arising from or in connection with the selection and/or acceptance of such site for the development of a TRANSBLUE business.

9. BUSINESS DEVELOPMENT.

You are responsible for developing the Franchised Business Location. We will furnish you with mandatory specifications and layouts for a TRANSBLUE business, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme and other suggestions.

9.1. **Franchised Business Development**. You agree, at your own expense, to do the following with respect to developing the Franchised Business:

9.1.1. Secure all financing required to develop and operate the Franchised Business;

9.1.2. Obtain all permits and licenses required to operate the Franchised Business;

9.1.3. Purchase or lease all vehicles, equipment, tools, fixtures, furniture, furnishings, and signs required for the Franchised Business;

9.3.4. Purchase an initial inventory of authorized and approved products, goods, materials, equipment, uniforms, and supplies from our approved suppliers, including any required inventory and supplies from us or any Affiliate, or from other approved suppliers; and

9.3.5. Ensure that the Franchised Business will be built and operated in compliance with all local, state and federal laws, ordinances, rules and regulations.

9.2. **Equipment, Tools, Fixtures, Furniture, Computer Systems, Signs, and Vehicles.** You agree to use in developing and operating the Franchised Business only the equipment, tools, fixtures, furniture, computer hardware and software ("Computer Systems"), signs, and vehicles that we have approved for TRANSBLUE businesses as meeting our specifications and standards for quality, design, appearance, function and performance. You agree to place or display at the Location (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve from time to time. You agree to purchase or lease approved brands, types or models of equipment, fixtures, furniture, Computer Systems, signs, and vehicles only from suppliers we have designated or approved which may include us and/or our Affiliates.

9.3 **General Release**. Our review and approval of any proposed business development plans for your Franchised Business and any involvement or information communicated to you regarding such business development plans is solely to ensure your compliance with the System.

10. TRAINING.

10.1. **Initial Training.** Before the Franchised Business begins operation we will provide you with initial training on the operation and management of a TRANSBLUE business pursuant to our initial training program. Before you begin operation of the Franchised Business you are required to attend and successfully complete the initial training to our satisfaction. We reserve the right to change or modify the training, as we deem necessary. If we determine that your Managing Owner is unable to complete initial training to our satisfaction, we have the right to terminate this Agreement.

10.1.1. **Owner or Employee Training**. We agree to provide initial training to your Managing Owner and up to four (4) additional individuals who may be either an Owner or employee who you elect to enroll in the training program.

10.1.2. **Schedule, Location and Costs**. Initial training consists of fifteen (15) working days of training. The training will be at a location that we designate. You will be responsible for all travel and living expenses, which your Managing Owner and any selected individual incurs in connection with training.

10.2. **Additional Ongoing Required Training.** We may require your Managing Owner and/or previously trained and experienced Owners or employees to attend additional required training courses at such times and locations that we designate, and we may charge reasonable fees for such courses.

10.3. **Supplementary Training**. After the commencement of your Franchised Business' operations, if you have additional employees that require training from us we may charge you a fee for this training.

10.4. **Training Assistance**. We may ask you to provide training or assistance to other TRANSBLUE franchisees. You agree to give us reasonable assistance with such training.

10.5. **Attendance at Required Meetings.** At any time that we specify to you reasonably during the Term of the Agreement, we may require your Owners or employees to attend required meetings with us, or with any third parties who may designate, in our sole business judgment. Any required meeting may be conducted through the method we may designate to you, which may include phone meetings, online meetings, in-person meetings, or any other form of meeting that we may specify in our business judgment. You acknowledge and agree that any designated personnel of the Franchised Business who may specify, in our sole business judgment, must attend any meeting or seminar we require under our Methods of Operation. We may offer a national convention and/or regional meetings or seminars at various times for additional training in marketing, advertising, sales, equipment, technology, business management, or in other topics selected by us in our discretion. For any national convention, your Managing Owner and/or your designated personnel must attend the full program and must stay at the designated hotel of each national convention, if held by us. Your Managing Owner and your designated personnel must attend designated meetings held in your geographical area. You are responsible for all expenses incurred by your Managing Owner and/or your personnel, including, but not limited to, lodging, room, board, salaries, and incidental expenses and other expenses, when attending any voluntary or mandatory programs, seminars, meetings, and/or national convention.

10.6. **Training Indemnification**. You acknowledge and agree that we shall have no liability to you for any injury that may occur to any of your personnel attending any training program we conduct or require your personnel to attend, and that we shall have no liability to you for any wages of your personnel attending any training program we conduct or require your personnel to attend. You agree to agree that you shall, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, affiliates and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof, which arises out of or is based upon any any training program we conduct or require your personnel to attend.

11. PRE – OPENING REQUIREMENTS.

Prior to opening the Franchised Business you must comply with all pre-opening requirements we specify to you. You agree not to open the Franchised Business until:

11.1. **Location Approval**. We approve the Location as developed in accordance with our specifications and standards.

11.2. **Completion of Initial Training**. Your Managing Owner and any other Owners or employees have completed training to our satisfaction.

11.3. **Copy of Lease Received**. You have given us a copy of your lease for the Location, if applicable.

11.4. **Initial Fees Paid**. The initial franchise fee and all other amounts then due to us have been paid.

11.5. **Required Documentation Received**. We have been furnished with copies of all agreements and insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept.

11.6. **Compliance with Laws**. You have obtained all required agreements and permits, licenses, and certifications for operating the Franchised Business and the Location is in compliance with all laws, rules and regulations.

12. OPERATION REQUIREMENTS.

After you have satisfied the Initial Training and all our pre-opening requirements we specify to you and you have received our written approval you may begin operation of the Franchised Business. You must maintain and operate the Franchised Business in accordance with this Agreement and the terms and standards contained in the Operations Manual.

12.1. **Operations Manual**. For the operation of your Franchised Business we will loan you one (1) copy of our Operations Manual that may include written materials, CDs, DVDs, magnetic media and/or computer software. The Operations Manual contains the mandatory and suggested specifications, standards, operating procedures and rules that we prescribe for the operation of the Franchised Business. The Operations Manual also contains business and information relating to other obligations under this Agreement and related agreements. The Operations Manual and other specifications, standards, and operating procedures communicated from us to you (collectively, "Methods of Operation") shall be deemed a part of this Agreement.

12.1.1. **Modification**. We may modify, edit, delete, update, change and enhance the Operations Manual from time to time to reflect changes in the Methods of Operation.

12.1.2. **Safeguard**. You agree to keep any physical or electronic copy of the Operations Manual current and in a secure location at the Franchised Business.

12.1.3. **Disputes**. In the event of a dispute relating to its contents, the master copy of the Operations Manual we maintain at our principal office will be controlling.

12.1.4. **Duplication.** You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual.

12.1.5. **Confidentiality**. You acknowledge and agree that the Operations Manual is our proprietary property and contains Confidential Information.

12.2. **Compliance with Methods of Operation.** You agree to operate and maintain the Franchised Business in accordance with Methods of Operation, as we periodically modify and supplement them during the Term of this Agreement.

12.2.1. **Facilities**. Our Methods of Operation may regulate the design, layout, decor, appearance and lighting; required temperatures of spaces at the Location; containment, flammable storage, dykes, rooms, and ventilation; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos and the illumination thereof.

12.2.2. **Types**. Our Methods of Operation may regulate the types, models and/or brands of products, equipment, tools, fixtures, furnishings, Computer Systems, signs, required vehicles, materials and supplies.

12.2.3. **Services and Products**. Our Methods of Operation may regulate the required or authorized Services and Products and ancillary product categories. You acknowledge and agree that in our sole business judgment we may specify to you the required timeframe by which you must convert from the use or sale of any approved product obtained from a third party Approved Supplier to your exclusive use or sale of a designated TRANSBLUE product.

12.2.4. **Suppliers**. Our Methods of Operation may regulate the designated or approved suppliers (which may be limited to or include us) of products, equipment, fixtures, furnishings, Computer Systems, signs, vehicles, materials and supplies (the use of any suppliers other than us, our Affiliates, or our other approved suppliers, without our express written approval, is a material breach of the terms of this Agreement).

12.2.5. **Terms and Conditions**. Our Methods of Operation may regulate the terms and conditions of the sale and delivery of, including, without limitation, credit terms and letter of credit amounts, and terms and methods of payment for, and security deposits, for products, materials, goods, supplies and services including direct labor, which you obtain from us, our Affiliates, or others.

12.2.6. **Advertising and Marketing**. Our Methods of Operation may regulate the sales, marketing, advertising and promotional programs and materials and media used in such programs.

12.2.7. **Marks**. Our Methods of Operation may regulate the use and display of the Marks.

12.2.8. **Staffing**. Our Methods of Operation may regulate the staffing levels for the Franchised Business and matters relating to managing the Franchised Business; communication to us of the identities of the Franchised Business' personnel; and qualifications, training, dress and appearance of employees, including the requirement that the Franchised Business is all times under the direct management and supervision of your Managing Owner or a trained and qualified general manager approved by us who has attended all required training courses we may require, in our sole business judgment.

12.2.9. **Hours of Operation**. Our Methods of Operation may regulate the days and hours of operation of the Franchised Business.

12.2.10. **Program Participation**. Our Methods of Operation may regulate your participation in market research and testing and product and service development programs.

12.2.11. **Payment Methods**. Our Methods of Operation may regulate the acceptance of credit cards, other payment systems and check verification services.

12.2.12. **Records**. Our Methods of Operation may regulate the bookkeeping, accounting, data processing and record keeping systems and forms; safety data sheets, methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us.

12.2.13. **Insurance**. Our Methods of Operation may regulate the types, amounts, terms and conditions of insurance coverage required to be carried for the Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Franchised Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.

12.2.14. **Laws and Standards**. Our Methods of Operation may regulate compliance with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Franchised Business.

12.2.15. **Other**. Our Methods of Operation may regulate all other aspects of the operation and maintenance of the Franchised Business that in our business judgment we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and TRANSBLUE businesses.

12.3. **Provisions of this Agreement.** You agree that the Methods of Operation prescribed from time to time in the Operations Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all Methods of Operation as periodically modified.

12.4. **Modification of Methods of Operation.** We may periodically modify Methods of Operation, which may accommodate regional or local variations as we determine, and you acknowledge and agree any such modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs.

12.5. **Sources of Products and Materials.**

12.5.1. You must purchase all designated services, products, materials, goods, or items from us or our Affiliates (at then current prices and subject to the then current terms and conditions) or from any other designated supplier we may specify.

12.5.2. All services, products, materials, goods, or items sold or offered for sale by the Franchised Business shall meet our then-current standards and specifications, as established in the Operations Manual or otherwise in writing. Except as otherwise provided in Section 12.5.1, you shall purchase all services, products, materials, goods, or items used or offered for sale by the Franchised Business for which we have established standards or specifications solely from Approved Suppliers (including distributors and other sources) which demonstrate, to our continuing reasonable satisfaction, the ability to meet our standards and specifications, and who have been approved by us in the Operations Manual or otherwise in writing. If you desire to purchase services, products, materials, goods, or items from a party other than an Approved Supplier, you shall submit to us a written request to approve the proposed supplier, together with such evidence of conformity with our specifications as we may reasonably require. We shall have the right to require that our representatives be permitted to inspect the supplier's facilities, and that

samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility that we designate. You shall pay a charge not to exceed the reasonable cost of the evaluation and testing. We shall use our best efforts, within ninety (90) days after our receipt of such completed request and completion of such evaluation and testing (if required by us), to notify you in writing of our approval or disapproval of the proposed supplier. You shall not sell or offer for sale any products or items manufactured or prepared with products, materials, goods, or items supplied by the proposed supplier until you receive our written approval of the proposed supplier. We may from time to time revoke our approval of particular products, materials, goods, items, or suppliers when we determine, in our sole business judgment, that such products, materials, goods, items, or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you shall cease to sell any disapproved products, materials, goods, or items, and cease to purchase from any disapproved supplier. You agree that you shall use services, products, materials, goods, or items purchased from Approved Suppliers solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale independent of operation of the Franchised Business. Nothing in the foregoing shall be construed to require us to make available to prospective suppliers standards and specifications that we, in our sole business judgment, deem confidential.

12.5.3. You acknowledge and agree that the quality and consistency of our Services and Products is essential to preserve the goodwill of the Marks and the System. Therefore, at all times during the Term, you agree that you shall purchase or obtain any of our designated services, products, or materials only from us, our Affiliates, or from our Approved Suppliers in accordance with our Standards. You agree that if you violate the terms of this Section 12.5 and such violation results in, or is in any way related to, any person contracting any illness or medical condition you shall be solely liable for, and shall promptly reimburse us for, any costs and expenses resulting directly or indirectly from such illness or medical condition, including but not limited to, any public relations or advertising expenses we determine are necessary to repair our loss of goodwill resulting from such incident. Such remedy shall be in addition to all other remedies provided for in this Agreement or otherwise available to us.

12.6. **System Wide Supply Contracts.** We may, in the exercise of our business judgment, enter into supply contracts either for all TRANSBLUE businesses or a subset of TRANSBLUE businesses situated within one or more geographic regions (each, a "system wide supply contract"). We may enter into system wide supply contracts with one or more vendors of services, products, materials, goods, items, or equipment that all company-owned and franchised businesses in a geographic area will be required to purchase, use or sell. If we do so, then immediately upon notification, you, we and all other franchised businesses in the geographic area must purchase the specified service, product, material, goods, item, or equipment only from the designated supplier, which may include us or our Affiliates.

12.7. **Vehicles.** For any vehicle owned, leased, operated, or used by the Franchised Business, you acknowledge and agree that any such vehicle must be approved by us pursuant to our standards and specifications and must be maintained and operated by you pursuant to our standards and specifications. You acknowledge and agree that you shall maintain any such vehicle in good and safe operating condition, repair and appearance and properly serviced and lubricated, furnish all parts and labor required to keep the vehicle in such condition, protect the vehicle from deterioration (other than normal wear and tear), maintain the vehicle in a clean manner in compliance with our specifications, operate the vehicle in a safe and reasonable manner in

compliance with all laws, rules, regulations and ordinances, and only use the vehicle in the regular course of your operation of the Franchised Business and within normal capacity. You shall not make any modification, alteration or addition to any such vehicle without our prior written consent.

12.7.1. Vehicle Insurance. For any vehicle owned, leased, operated, or used by the Franchised Business you agree to maintain the insurance types, coverages and amounts that we may specify in full force and effect and written by an insurance company acceptable to us. We, and our successors and assigns, must be named "ADDITIONAL INSURED" as to liability insurance. All such vehicle insurance policies shall provide 30 days' advance written notice to us of cancellation, change, or non-renewal. You shall pay all premiums for such insurance and shall deliver to us evidence satisfactory to us of the insurance required hereby and the renewal thereof; provided, however, that we shall be under no duty to ascertain the existence of or to examine such insurance policy or policies, or to advise you in the event such insurance coverage shall not comply with the requirements hereof. You shall bear the entire risk of loss, theft, destruction or damage to each such vehicle owned, leased, operated, or used by the Franchised Business.

12.7.2 General Indemnity. You shall, and do hereby, indemnify and save us, our agents, employees, successors and assigns, harmless from any and all liability, obligations, losses, damages, penalties, claims, suits, strict liability in tort, cost and expenses, including attorney's fees, arising out of the ownership, selection, location, possession, leasing, renting, operation, control, use, maintenance, repair, delivery and/or redelivery of any vehicle owned, leased, operated, or used by the Franchised Business, including, without limitation, any claim alleging latent and other defects, whether or not discoverable, and any other claim arising out of strict liability in tort, and any claim for patent, trademark or copyright infringement. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Agreement.

12.8. **Computer System and Required Software**.

12.8.1. We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (a) back office and point of sale systems, data, audio, and video systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the "Computer System").

12.8.2. We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs that you must use in connection with the Computer System (the "Required Software"), which you shall install at your expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System.

12.8.3. At our request, you shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. We shall have the right at any time to remotely retrieve and use such data and information from your Computer System or Required Software that we deem necessary or desirable. You expressly agree to comply strictly with our Standards and specifications for all items associated with your Computer System

and any Required Software in accordance with our Standards and specifications, including providing us with all passwords and access information that reasonably we require. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. You agree that your compliance with this Section 12.8 shall be at your sole cost and expense.

12.8.4. You shall use your best efforts to protect customers against a cyberevent, identity theft, or theft of personal information. You must at all times be in compliance with (a) the Payment Card Industry Data Security Standards ("PCI DSS") (as they may be modified from time to time or as successor standards are adopted), (b) the Fair and Accurate Credit Transactions Act ("FACTA"); (c) regional, national, and local laws and regulations relating to data and personal privacy, data security (including but not limited to the use, storage, transmission, and disposal of data regardless of media type), security breaches, and electronic payments, (d) the operating rules and regulations of all credit card, debit card and/or ACH processors and networks that are utilized in the TRANSBLUE Franchised Business, and (e) our security policies and guidelines, all as may be amended from time to time. You shall notify us immediately, but no more than three (3) business days, after you become aware of or are notified about, any cyber-event, identity theft, or theft of personal information related to any customer or employee of the Franchised Business or that relates to the Franchised Business, and agree, upon our request, to immediately provide notice to all customers, employees, and any other individuals of such event in such form we may direct.

12.9. **Required Attire of Personnel**. You acknowledge and agree that, at all times during the Term of the Franchise Agreement, any personnel of the Franchised Business who we may designate must wear any such attire or uniforms that we specify, in any such form or condition that we may specify. You acknowledge that it is a material breach of this Agreement in the event any personnel of the Franchised Business provide any services at a customer account location and any such individual is not wearing such attire or unforms that we require under our Methods of Operation.

12.10. **Online Resource Center.** In our sole business judgment, during the Term of the Agreement we may establish and maintain an Internet based online system (the "Online Resource Center") to provide information concerning the Services or Products offered within the System, or to serve as a resource for customers or franchisees. We shall direct all aspects of planning and operation of the Online Resource Center that we believe to be in the best interest of the entire System in our absolute and uncontrolled business judgment. You must fully participate in all programs and protocols involving the Online Resource Center, as we may require from time to time. In the event we establish the Online Resource Center, you acknowledge and agree to comply in all respects with our specifications and standards concerning the Online Resource Center.

13. GENERAL GUIDANCE.

13.1. **In-Territory Consultation and Ongoing Guidance**. Each calendar year during the Term of this Agreement, our representative shall visit with you in your Territory a minimum of one (1) time for not less than six (6) hours to provide you with guidance in developing and operating the Franchised Business. Once you commence operation of the Franchised Business you will be required to submit to us reports, records, and financial statements regarding the performance of the Franchised Business. Also, we may conduct on-site inspections. Based on the information that

we receive and review we may provide you with further direction and guidance by providing you with additional written materials, telephone consultations, online consultations, training, or on-site consultations. General guidance as to the operation of the Franchised Business will be found primarily in the Operations Manual or given to you through other written materials or bulletins from us. Guidance may be provided to you in any of the following ways:

13.1.1. Telephone and Internet e-mail consultation during such times as are outlined in the Operations Manual;

13.1.2. Buying advisory services whereby we may provide you with lists of sources and approved suppliers for products, materials, supplies, equipment, Computer Systems, merchandise, accessories, services, fixtures, furnishings, signs, vehicles, etc.;

13.1.3. Wholesaling services whereby we may ourselves act as an approved or designated source for products, materials, supplies, equipment, Computer Systems, merchandise, accessories, services, fixtures, furnishings, signs, vehicles, etc.;

13.1.4. Monitoring and oversight and related advisory services whereby we may provide you with guidance to maintain service quality and consistency;

13.1.5. Ongoing marketing programs to fulfill our obligations of this Agreement;

13.1.6. Newsletter services whereby we may inform you periodically about the current events in the TRANSBLUE franchise program;

13.1.7. Meetings, whereby we may convene with you and other TRANSBLUE franchisees for business or social purposes;

13.1.8. Research and development regarding Methods of Operation; and/or

13.1.9. At your request, we will furnish additional guidance and assistance and, in such a case, may charge the per diem fees and charges we establish from time to time. If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including per diem charges and travel and living expenses for our personnel, will be your responsibility.

14. MARKS.

All provisions of this Agreement applicable to the Marks apply to any additional proprietary trademarks and service marks and commercial symbols that we authorize you to use.

14.1. **Ownership of Marks**. You do not have an ownership interest in the Marks used with the Franchised Business. It is our right or license to use, license or sublicense the Marks. Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Franchised Business pursuant to and in compliance with this Agreement and Methods of Operation, which we prescribe from time to time during its Term. Your unauthorized use of the Marks is a breach of this Agreement and an infringement of our rights in and to the Marks.

14.2. **Use of Marks**. You agree to use the Marks as the sole identification of the Franchised Business, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe.

14.3. **Goodwill of Marks.** This Agreement does not confer any goodwill or other interests in the Marks to you. Any goodwill established by use of the Marks will be exclusively for our benefit. You will not represent in any manner that you have any ownership in the Marks or the right to use the Marks except as provided in this Agreement and the Operations Manual. At the termination of this Agreement you will not receive any compensation for goodwill.

14.4. **Display of Marks**. You agree to display the Marks prominently in the manner we prescribe at the Franchised Business, on supplies or materials we designate and in connection with forms and advertising and marketing materials.

14.5. **Limitations on Use of Marks.** You may not use any Marks as part of any corporate or legal business name or Internet domain name or Internet e-mail address or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Marks in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Marks may be used in any advertising concerning the transfer, sale or other disposition of the Franchised Business or an ownership interest in you. You agree to give such notices of trademark and service marks registrations, e.g., "®", "™", as we specify and to obtain any fictitious or assumed name registrations required under applicable law. You agree to withdraw any fictitious or assumed name registrations immediately upon termination or expiration of this Franchise Agreement.

14.6. **Modification or Replacement of Marks**. You agree to modify or replace any Marks when notified by us. You agree to comply with our directions within a reasonable time after receiving notice. You are responsible for all expenses associated with modifying or replacing the Marks. We will not be obligated to reimburse you for any lost revenue attributable to any modified or discontinued Marks or for any expenditure you make to promote a modified or substitute Mark.

14.7. **Discontinuance of Marks.** You must discontinue the use of the Marks immediately upon termination or expiration of this Agreement.

14.8. **Infringement and Claims of Marks.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Marks or of any claim by any person of any rights in any Marks. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole business judgment to take such action as we deem appropriate and the right to control exclusively any litigation, United States Patent and Trademark Office ("USPTO") proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. We shall defend you against any third party claim, suit, or demand arising out of your use of the Marks. If we, in our sole business judgment, determine that you have used the Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by us. If we, in our sole business judgment, determine that you have not used the Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Marks, you shall execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket costs in doing such acts.

14.9. **Additional Restrictions on Your Use of the Marks.** You shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Marks, or any portion thereof, or any other word, name, symbol or device which is likely to cause confusion with any of the Marks, and; You shall not develop, create, generate, own, license, lease or otherwise utilize any computer media and/or Electronic Media (including but not limited to the Internet, world wide web, bulletin boards, news group and/or social media) which may be used, or in any manner uses, displays or utilizes the Marks, or other commercial symbols or offers to sell or sells any of the services or products which are or may at a later date be offered for sale by TRANSBLUE businesses. You may not use, reference, or otherwise promote the Marks or System in connection with any current or future form of social media networks or platforms. If you desire to utilize any computerized or Electronic Media in conjunction with the operation of your TRANSBLUE Franchised Business, you must obtain our prior written approval of such usage, and we may in our sole and absolute business judgment approve or not approve such usage. If we grant approval, we or our Affiliates will be the owners of and/or control the approved computerized or electronic content and media.

15. CONFIDENTIAL INFORMATION.

15.1. **Determination of Confidential Information**. We possess and will continue to develop and acquire certain confidential information ("Confidential Information) relating to the development and operation of TRANSBLUE businesses. Confidential Information is proprietary to us. Confidential Information may be disclosed to you that may include, but is not limited to:

15.1.1. **Locations**. Our location selection criteria;

15.1.2. **Business Practices**. Our trade secrets, methods, formats, specifications, standards, systems, procedures, the Operations Manual, any other proprietary materials, and knowledge of and experience in developing and operating TRANSBLUE businesses;

15.1.3. **Marketing and Advertising**. Our marketing and advertising programs for TRANSBLUE businesses and the sales and marketing techniques used;

15.1.4. **Specifications and Suppliers.** Knowledge of our specifications for and suppliers of certain products, supplies, materials, equipment, Computer Systems, fixtures, furnishings, and services; and

15.1.5. **Reports and Records**. Knowledge of the operating results and financial performance of TRANSBLUE businesses other than your Franchised Business.

15.2. **Business Purposes Only.** You will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Franchised Business during the Term of this Agreement. Use or duplication of any Confidential Information in any other business will constitute an unfair method of competition and a violation of this Agreement. Confidential Information is disclosed to you solely on the condition that you agree that you:

15.2.1. **Business Only**. You will not use Confidential Information in any other business or capacity.

15.2.2. **Term**. You will maintain the absolute confidentiality of Confidential Information during and after the Term of this Agreement.

15.2.3. **Copies**. You will not make unauthorized copies of any portion of Confidential Information disclosed to you in any format.

15.2.4. **Safeguards**. You will adopt and implement all reasonable safeguard procedures, including those that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure to the Franchised Business' personnel and others.

15.3. **Ideas, Concepts, Techniques or Materials.** All ideas, concepts, techniques or materials relating to a TRANSBLUE business, whether or not constituting protected intellectual property, and whether created by or on behalf of you or your Owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made for hire for us. You and your Owners agree to sign whatever assignment or other documents we may request from time to time to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

16. EXCLUSIVE RELATIONSHIP.

16.1. **Exclusive Dealings.** We have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us and not to be involved with a Competitive Business. You agree that during the Term of this Agreement neither you nor any of your Owners including any of your or your Owners' spouses, children or other first degree relatives by blood or marriage will:

16.1.1. **Interest or Involvement**. You will not have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, wherever located.

16.1.2. **Performance**. You will not perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located.

17. MARKETING.

17.1. **Advertising Fund.** We may establish an advertising fund ("Advertising Fund") for such advertising, marketing and public relations programs and materials as we deem necessary or appropriate in our sole business judgment. The Advertising Fund is intended to maximize recognition of the Marks and patronage of TRANSBLUE businesses. We will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all TRANSBLUE businesses. You will be required to contribute to the Advertising Fund as set forth in this Agreement.

17.1.1. **Contribution**. You agree to contribute to the Advertising Fund (the "Ad Fee") each calendar month during the Term of the Agreement. The Ad Fee shall be payable to us at the same time and in the same manner as the Royalty due hereunder. The Ad Fee is one percent (1%) of Gross Revenue for your initial six (6) full Accounting Periods during the Term of the Agereement. Thereafter during the remaining Term of the Franchise Agreement, the Ad Fee payable from you to us each Accounting Period shall be One Thousand Five Hundred Dollars ($1,500).

17.1.2. **Control**. We will direct and control all programs financed by the Advertising Fund, with sole business judgment over the creative concept materials and endorsements used therein and the geographic market and media placement and allocation thereof. We may do the marketing and advertising or we may elect to outsource the marketing and advertising to an agency.

17.1.3. **Purpose of Advertising Fund**. The Advertising Fund may be used to pay the costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, cable television and print advertising campaigns; developing, maintaining, and updating a website on the Internet; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; and providing promotional and other marketing materials and services to the businesses operating under the System. The Advertising Fund will furnish you with samples of advertising, marketing formats, promotional formats and other materials at no additional cost to you when we deem appropriate. Multiple copies of such materials will be furnished to you at our direct cost of producing them plus any related shipping, handling and storage charges.

17.2. **Accounting of Advertising Fund.** The Advertising Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Advertising Fund and its programs. This may include, without limitation, conducting market research, preparing advertising promotion and marketing materials, and collecting and accounting for contributions to the Advertising Fund.

17.2.1. **Expenditure of Advertising Fund**. We may spend, on behalf of the Advertising Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all TRANSBLUE businesses to the Advertising Fund in that year and the Advertising Fund may borrow from us or others to cover deficits or invest any surplus for future use.

17.2.2. **Interest Earned**. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended.

17.2.3. **Reporting**. We will prepare an annual compiled statement of monies collected and costs incurred by the Advertising Fund and furnish the statement to you upon written request.

17.2.4. **Operation**. We have the right to cause the Advertising Fund to be incorporated or operated through a separate entity at such time as we deem appropriate and such successor entity will have all of the rights and duties specified herein.

17.3. **Proportionality**. We undertake no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Advertising Fund by TRANSBLUE businesses operating in that geographic area. Nor are we under any obligation to ensure that any TRANSBLUE business will benefit directly or in proportion to its Ad Fees paid to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering the Advertising Fund.

17.4. **Deferrals or Reductions**. We reserve the right to defer or reduce contributions of a TRANSBLUE business franchisee and, upon thirty (30) days' prior written notice to you, to reduce or suspend your payment of Ad Fees to and suspend operations of the Advertising Fund for one or more periods of any length and to terminate (and if terminated to reinstate) the Advertising Fund. If the Advertising Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Advertising Fund during the preceding three (3) month period.

17.5. **Business Promotion By You.**

17.5.1. **Initial Marketing Expense.** You acknowledge and agree that prior to beginning to operate the Franchised Business or within sixty (60) days of your completion of initial training with us, you must spend not less than Five Thousand Five Hundred Dollars ($5,500) for local advertising and promotion of your Franchised Business (the "Initial Marketing Expense").

17.5.2. **Ongoing Local Marketing Expense.** In addition to the Initial Marketing Expense and the Ad Fee, you acknowledge and agree that each calendar month during the Term of the Agreement you must spend not less than Two Thousand Five Hundred Dollars ($2,500) for local advertising and promotion of your Franchised Business according to our required standards and specifications. The Ongoing Local Marketing Expense requirement shall begin in the first calendar month following the expiration of sixty (60) following your completion of initial training with us.

17.6. **Proof of Expenditure**. You are required to provide proof of payment for business promotion, as identified in Section 17.5. We may periodically review your books and records to verify your expenditures for advertising and promotion as required by this Agreement. Proof of expenditures is your burden. If we determine that you have not spent the requisite amounts, we may require you to pay such unexpended amounts into the Advertising Fund.

17.7. **Advertising Approval**. You may not use any advertising or promotional materials unless we have approved it. Samples of all advertising, promotional and marketing materials, which we have not prepared or previously approved, must be submitted to us for approval before you use them. We own the copyrights to anything so submitted, whether approved by us or not. If you do not receive written approval within fifteen (15) days after our receipt of such materials, we will be deemed to have NOT given the required approval.

17.8. **Truthful Advertising, Marketing and Promotion**. You agree that any advertising, promotion and marketing conducted will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe. All advertising and promotion by you shall be in such media and of such type and format as we may approve, shall be conducted in a dignified manner, shall comply with federal and local laws and regulations, including but not limited to the Lanham Act, 15 U.S.C. § 1125 et seq., the Telephone Consumer Protection Act, 47 U.S.C. § 227 et seq. (the "TCPA"), the CAN-SPAM Act, the Telemarketing Sales Rules, and conform to such standards and requirements as we may specify. You shall not use any advertising or promotional plans or materials unless and until you have received written approval from us as described in Section 17.7. You acknowledge and agree that all advertising that you use must designate only our designated telephone number for contacting you, which telephone number we may own. You agree you will be solely responsible for complying with any laws pertaining to communications by telephone, including federal and state

anti-solicitation laws regulating phone calls, text messages, spamming, and faxing. You acknowledge and agree that in the event of the termination of this Agreement, for any reason, or the expiration of this Agreement, that the accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor.

17.9. **Participation in TRANSBLUE Website or Other Electronic Media.** You must have Internet access and an e-mail address. You must, at your own expense, participate in the TRANSBLUE Website on the Internet or other Electronic Media we may specify. You may not separately register any domain name or operate any website containing any of the Marks without our prior written approval. We determine the content and use of the TRANSBLUE Website and have the right to establish the rules under which franchisees may or must participate in the TRANSBLUE Website or separately use the Internet, Electronic Media, or other on-line communications. We retain all rights relating to the TRANSBLUE Website and may alter or terminate the TRANSBLUE Website. Your general conduct on the TRANSBLUE Website or on Electronic Media or other on-line or electronic communications and specifically your use of the Marks or any advertising on the TRANSBLUE Website or other on-line or electronic communications (including the domain name and any other Marks we may develop as a result of participation in the website or other on-line communications) is subject to the provisions of this Agreement. You shall not use or download any software on your computer unless it has been authorized by us in writing. In the event you use or download any unauthorized software, you shall be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement. You acknowledge that certain information obtained through your participation in the TRANSBLUE Website may be considered Confidential Information, including access codes and identification codes. Your right to participate in the TRANSBLUE Website or other online or electronic systems we may develop or otherwise to use the Marks or System on the Internet or other on-line or electronic communications terminates when this Agreement expires or terminates.

17.10. **Electronic Media.** You acknowledge the significance of Electronic Media to the System and necessity for our control over Electronic Media. We are the absolute owner of the Electronic Media and nothing contained in this Agreement grants to you any ownership interest in or to the Electronic Media. You shall not utilize, access, or open accounts regarding or related to Electronic Media unless expressly approved by us in writing which approval we may withhold, or limit as determined by us in our sole business judgment. If we grant any such approval, it shall be limited to the marketing and promotion the Franchised Business in accordance with our Methods of Operation. Upon expiration or termination of this Agreement for any reason, any prior authorization by us as to your right to utilize the Electronic Media and/or otherwise as to any other rights in or to the Electronic Media shall be automatically terminated and, at our election, the right to any and all accounts and/or sites (if any) associated with Electronic Media utilized by you shall be transferred to us. Under no circumstance shall you utilize the Electronic Media for purposes of or with the effect of libeling or disparaging another nor shall you violate any copyrights, and as to any such actions as between you and any third party, you are exclusively responsible for disparagement, libel and/or copyright infringement if you published and/or caused such content be published. You agree that Electronic Media, if permitted by us, must be approved by us prior to publication or use in any form. Electronic Media that is approved by us or that otherwise is acceptable to us as meeting our standards shall be owned by us. Any and all interest and right in or to the Electronic Media shall, at all times, be and is our exclusive property both during the Term of this Agreement and upon the expiration or termination of this Agreement. You acknowledge and agree that the TRANSBLUE Website and all improvements and modifications made to the TRANSBLUE Website and Electronic Media is and shall be, our

exclusive property. During the Term of this Agreement and subject to your compliance with the terms and conditions of this Agreement, the TRANSBLUE Website shall include information related to the Franchised Business as shall be determined and designated by us in our business judgment.

17.11. **Restrictions on Use of Social Media**. You acknowledge and agree that without our prior written consent, you may not use, reference or otherwise promote the Marks or System in connection with any current or future form of social media networks or platforms, including, without limitation, Facebook, Instagram, Twitter, LinkedIn, and so on, except in accordance with the related standards and restrictions we specify from time to time in the Methods of Operation. You acknowledge and agree that under our Methods of Operation we may require you utilize specified social media networks or platforms to promote client outcomes. You acknowledge and agree that we may restrict the Franchised Business, or any individual employed by the Franchised Business, from utilizing social media networks or platforms to promote any individual client outcome without providing additionally in any such social media posting any designated reference or attribution to the Marks, or to the System, that we may specify to you.

18. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

18.1. **Bookkeeping**. You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribe. You agree to produce records, reports and financial statements upon our request that adequately represent your financial position and that of the Guarantors. We may require you to use approved computer hardware and software in order to maintain the Franchised Business' records and reports. Records and reports must be furnished to us in the form and frequency as specified in this Agreement and the Operations Manual. You acknowledge and agree that in our sole business judgment we may use for any purpose any records, reports, information or other data concerning your operation of the Franchised Business, including for establishing benchmarks, best practices, or other standards for the System. You acknowledge and agree that we may require you to provide any of the following information:

18.1.1. **Sales Records**. You agree to provide us, by the fifth (5^{th}) day after the end of each calendar month, with copies of all signed sales tax returns and signed withholding tax returns for the Franchised Business and copies of the canceled checks for the required sales taxes and withholding taxes.

18.1.2. **Monthly Financial Statements**. You agree to provide us, by the fifth (5^{th}) day after the end of each calendar month, a profit and loss statement for the Franchised Business for the preceding calendar month and a year-to-date balance sheet.

18.1.3. **Annual Financial Statements**. You agree to provide us, within ninety (90) days after the end of the Franchised Business' fiscal year, reviewed annual profit and loss and source and use of funds statements and a reviewed balance sheet for the Franchised Business as of the end of such fiscal year signed by you or your principal operating officer or operating partner.

18.1.4. **Tax Returns**. You agree to provide us, within ten (10) days after our request, exact copies of federal and state income and other tax returns and such other forms, records, books and other related information.

18.1.5. **Credit Reports**. You agree to allow us to obtain credits reports as deemed necessary during the period of this Agreement.

18.1.6. **Maintenance of Records**. You are required to maintain reports, records and financial statements as prescribed in the Operations Manual for your Franchised Business.

18.2. **Verification.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of the Franchised Business. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis at your expense by an independent third party. Moreover, we have the right, as often as we deem appropriate, including on a daily basis, to access the computer systems that you are required to maintain in connection with the operation of the Franchised Business and to retrieve all information relating to the Franchised Business' operations.

19. INSPECTIONS AND AUDITS.

19.1. **Our Right to Inspect the Franchised Business.** To determine whether you and the Franchised Business are complying with this Agreement and Methods of Operation, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

19.1.1. inspect the Franchised Business;

19.1.2. observe, photograph, or videotape the operations of the Franchised Business for such consecutive or intermittent periods as we deem necessary;

19.1.3. remove samples of any products, materials or supplies for testing and analysis;

19.1.4. interview personnel and customers of the Franchised Business; and

19.1.5. inspect and copy any books, records and documents relating to your operation of the Franchised Business.

19.2. **Cooperation.** You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf.

19.3. **Right to Audit**. Our designated agents and we have the right to, at any time during your regular business hours and without prior notice to you, to inspect and/or audit, or cause to be inspected and/or audited, all records relating to the Franchised Business and operation practices of the Franchised Business in order to verify that you are complying with this Agreement, collateral agreements, the Methods of Operation and that you are maintaining the uniformity and quality of the services and products associated with the Marks. We have the right to observe, photograph and videotape the operations of the Franchised Business for such consecutive or intermittent periods, as we deem necessary. We have the right to interview personnel and customers of the Franchised Business. We have the right to inspect and copy any books, records and documents relating to your operation of the Franchised Business. You agree to cooperate with any such inspection.

19.4. **Audit Expense**. In the event such inspection and/or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, you agree to reimburse us for the reasonable cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees.

19.5. **Cure**. In the event an inspection or audit reveals that any payments have been understated in any report to us, then you must immediately pay to us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the highest contract rate of interest permitted by law. If an inspection or audit discloses an understatement in any report of two (2%) percent or more, you shall, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses connected with the inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

20. TRANSFER AND ASSIGNMENT.

20.1. **Assignment by Us**. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

20.2. **Assignment by You**. This Agreement and the Franchise are granted personally to you. You may only assign or transfer any interest or ownership that you may have in the Franchised Business with our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void. Our approval is conditioned on the prospective transferee agreeing to sign a franchise agreement with us and meeting our qualifying conditions and requirements. We will not unreasonably withhold the approval of a prospective franchisee.

20.3. **Assignments.** An assignment, transfer, sale, gift or other disposition includes the following events:

20.3.1. transfer of ownership of capital stock, partnership interest, or other equity interest in you;

20.3.2. merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;

20.3.3. any issuance or sale of your stock or any security convertible to your stock to any person or entity other than an existing Owner;

20.3.4. transfer of an interest in you, this Agreement or the Franchised Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

20.3.5. transfer of an interest in you, this Agreement or the Franchised Business, in the event of your death or the death of one of your Owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

20.3.6. pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Franchised Business or your transfer, surrender or loss of possession, Control or management of the Franchised Business.

20.4. **Conditions for Approval of Transfer.** If you and all Owners are in full compliance with this Agreement, we will approve a transfer that meets all of our applicable requirements and otherwise meets our applicable standards for TRANSBLUE business franchisees. A transfer of ownership, possession or Control of the Franchised Business may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a Controlling Interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a Controlling Interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

20.4.1. **Abilities**. The transferee and its direct and indirect owners have the moral character, skill, aptitude, attitude, experience, references, credentials, acumen and financial capacity to operate the Franchised Business.

20.4.2. **Current Accounts**. You have paid all Royalties, Ad Fees, amounts owed for purchases from us and all other amounts owed to us or to third party creditors and have submitted all required reports and statements.

20.4.3. **Training**. The transferee's Managing Owner has agreed to complete training to our satisfaction and does complete training to our satisfaction prior to closing.

20.4.4. **Franchise Agreement**. The transferee has agreed to be bound by all of the terms and conditions of this Agreement for the remainder of its Term or, at our option, must execute our then current standard form of franchise agreement and related documents used in the state in which your Franchised Business is located (which may provide for different royalties, advertising contributions and expenditures, duration and other rights and obligations than those provided in this Agreement).

20.4.5. **Transfer Fee**. You pay us a transfer fee in the amount of one-half of our then-current Initial Franchise Fee for new franchises, as disclosed in our Franchise Disclosure Document. If the proposed transfer is among your Owners, the transfer fee will be waived, although you are required to reimburse us for any reasonable legal and administrative costs we incur in connection with the transfer.

20.4.6. **General Release**. You (and your transferring Owners) have executed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents.

20.4.7. **Approval**. We have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchised Business.

20.4.8. **Priority**. If you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalties, Advertising Fund contributions and other amounts due to us and otherwise to comply with this Agreement.

20.4.9. **Collateral Agreement**. You and your transferring Owners have executed an agreement in favor of us agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in this Agreement pertaining to the Marks

(Section 14), Confidential Information (Section 15) and a Covenant not to Compete (Section 23.4).

20.4.10. **Representation**. You and your transferring Owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other TRANSBLUE businesses you own and operate) identify or represent yourself or themselves or any business as a current or former TRANSBLUE business, or as one of our licensees or franchisees, use any Marks, any colorable imitation thereof or other indicia of a TRANSBLUE business in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that suggests or indicates a connection or association with us.

20.5. **Transfer to a Wholly Owned Corporation.** If you are in full compliance with this Agreement, you may transfer this Agreement to a wholly-owned corporation which conducts only TRANSBLUE Franchised Business. You agree to maintain management Control and own and control one hundred (100%) percent of the equity and voting power of all issued and outstanding capital stock. All assets and operations of the Franchised Business are to be owned and controlled by a single corporation. Transfers of shares in such corporation will be subject to the provisions of this Agreement. You agree to remain personally liable under this Agreement as if the transfer to such corporation had not occurred.

20.6. **Operation Upon the Death or Disability of the Managing Owner**. If, upon the death or permanent disability of the Managing Owner, the Franchised Business is not being managed by a manager trained by us, you or such Managing Owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed sixty (60) days from the date of death or permanent disability of the Managing Owner, appoint a manager to operate the Franchised Business, subject to our written approval. Such manager must successfully complete our required initial training at your expense within thirty (30) days of being appointed to operate the Franchised Business. This manager is not necessarily the transferee of Section 20.4, but an interim manager to keep the Franchised Business operational until a transfer can be completed.

20.7. **Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and the Franchised Business or any interest in you does not constitute a representation on our behalf as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Franchised Business or transferee or a waiver of any claims we may have against you (or your Owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

20.8. **Bona Fide Offers**. If you (or any of your Owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the Franchised Business or an ownership interest in you, you agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five (5%) percent or more of the offering price) and a completed franchise application from a fully disclosed offeror (including lists of the owners of record and beneficial owners of any corporate or limited liability company, or all general and limited partners of any partnership, or, in the case of a publicly held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10K) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the Franchised Business and may not include an offer to purchase any of your (or your Owners')

other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your Owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your Owners) for the interest in you or in this Agreement and the Franchised Business must reflect the bona fide price offered therefor and not reflect any value for any other property or rights.

20.9. **Our Right of First Refusal.** We have the right, exercisable by written notice delivered to you or your selling Owners within thirty (30) days from the date of the delivery to us of both an exact copy of such bona fide offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such bona fide offer, provided that:

20.9.1. we may substitute cash for any form of payment or non-cash consideration proposed in such offer;

20.9.2. our credit will be deemed equal to the credit of any proposed purchaser;

20.9.3. we will have not less than sixty (60) days after giving notice of our election to purchase to prepare for closing; and

20.9.4. we are entitled to receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

20.9.4.1. ownership and condition of and title to stock or other forms of ownership interest and/or assets;

20.9.4.2. liens and encumbrances relating to the stock or other ownership interest and/or assets; and

20.9.4.3. validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

20.10. **Exercise.** If we exercise our right of first refusal, you and your selling Owner(s) agree that, for a period of thirty six (36) months commencing on the date of the closing, you and they will be bound by the non-competition covenant contained in Section 23.4. You and your selling Owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 23 of this Agreement.

20.11. **Non-Exercises.** If we do not exercise our right of first refusal, you or your Owners may complete the sale to such purchaser pursuant to and on the exact terms of such bona fide offer, subject to our approval of the transfer as provided in Section 20.4. If the sale is not completed within one hundred twenty (120) days after delivery of such bona fide offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), the sale will be treated as a new sale subject to our right of first refusal as provided in Section 20.9.

21. EXPIRATION OF THIS AGREEMENT.

21.1. **Expiration and Renewal.** Upon the expiration of the Term of this Agreement you may renew the franchise for the Franchised Business if you and each of your Owners have substantially complied with this Agreement during its Term. You will have the right to renew your franchise,

under the terms and conditions of the Franchise Agreement we are using at that time, provided that you agree to add or replace improvements, equipment, signs, and vehicles, and otherwise modify the Franchised Business as we require to bring it into compliance with specifications and standards then applicable for TRANSBLUE businesses.

21.2. **Renewal Fee**. If you are eligible and elect to renew your franchise the renewal franchise fee is Five Thousand Dollars ($5,000).

21.3. **Notice.** You agree to give us written notice of your election to renew your franchise during the last year of the Term of this Agreement but not less than six (6) months prior to the date of expiration of this Agreement. We agree to give you written notice ("Our Notice"), not more than ninety (90) days after we receive your notice, of our decision.

21.3.1. **Grant**. Our Notice may grant to you a ten (10) year renewal franchise;

21.3.2. **Conditional Grant**. Our Notice may be a conditional grant to you a renewal of the franchise on the condition that deficiencies of the Franchised Business, or in your operation of the Franchised Business, are corrected within a specified time frame; or,

21.3.3. **No Grant**. If we elect not to grant a renewal franchise, Our Notice will describe the reasons for our decision.

21.4. **Agreements / Releases.** If you satisfy all of the other conditions to the grant of a renewal franchise, you and your Owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of renewal franchises for TRANSBLUE businesses. You and your Owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your Owners to sign these agreements and releases and deliver them to us for acceptance and execution within sixty (60) days after their delivery to you will be deemed an election not to acquire a renewal franchise.

22. DEFAULT AND TERMINATION

22.1. **Automatic Termination.** You shall be deemed to be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you or opportunity to cure, if: You become insolvent or make a general assignment for the benefit of creditors; a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; you are adjudicated bankrupt or insolvent; a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law should be instituted by or against you; a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); you are dissolved; execution is levied against your business or property; suit to foreclose any lien or mortgage against the Location or equipment is instituted against you and not dismissed within thirty (30) days; or the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

22.2. **Notice Without Opportunity to Cure.** In addition to the foregoing, upon the occurrence of any of the following events of default, we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective

immediately upon the provision of notice to you (in the manner provided under Section 26 hereon:

22.2.1. If you fail to open and operate the TRANSBLUE Franchised Business within the time limits provided in Section 6.1 hereof;

22.2.2. If your Managing Owner or the other individuals identified in Section 10.1 fail to complete the Initial Training Program to our satisfaction, or fail to attend additional training as described in Section 10 hereof;

22.2.3. If you at any time cease to operate or otherwise abandon the Franchised Business for one (1) or more consecutive business days, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; however, if, through no fault of your own, the Location is damaged or destroyed;

22.2.4. If you, or any of your Owners, officers, or directors, are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or our interest therein; or if you or any of your Owners, officers, or directors, commit any acts or engage in any behavior that we believe is likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interest therein, including but not limited to conduct that is fraudulent, unfair, unethical, or deceptive;

22.2.5. If a threat or danger to public health or safety results from construction, maintenance, or operation of the Franchised Business;

22.2.6. If any purported assignment or transfer of any direct or indirect interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business is made to any third party without our prior written consent, or otherwise contrary to the terms of Section 20 hereof;

22.2.7. If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 20.6 hereof;

22.2.8. If you fail to comply with the covenants in Section 16 hereof;

22.2.9. If, contrary to the terms of Sections 15 hereof, you disclose or divulge the contents of the Operations Manual or other Confidential Information provided to you by us;

22.2.10. If you intentionally under-report Gross Revenue;

22.2.11. If you knowingly maintain false books or records or submit any false reports or other documentation (including your application for this franchise) to us;

22.2.12. If you misuse or make any unauthorized or improper use of the Marks or any other identifying characteristics of the System, or otherwise materially impair the goodwill associated therewith or our rights therein; or if you fail to utilize the Marks solely in the manner and for the purposes directed by us;

22.2.13. If you refuse to permit us to inspect the Franchised Business, or the books, records or accounts of you upon demand as provided for herein;

22.2.14. If you, after curing any default pursuant to Section 22.3 hereof, commit the same default again, whether or not cured after notice;

22.2.15. If you sell services or products not previously approved by us, or purchase any service or product from a supplier not previously approved by us;

22.2.16. If you (or any of your owners) have made any material misrepresentation to us or any other party or omission in connection with your purchase of the Franchised Business; or

22.2.17. If we cure any default by you pursuant to Section 22.4 hereof.

22.3. **Notice With Opportunity to Cure.** Except as otherwise provided in Sections 22.1 and 22.2 of this Agreement, upon any other default by you, we shall give you written notice of such default and an opportunity to cure such default within thirty (30) days (or such shorter period specified below) of your receipt of such notice. We shall have the right to terminate this Agreement immediately upon notice to you if you fail to cure any default to our satisfaction, and provide proof thereof, within the thirty (30) days period (or such shorter period specified below). If applicable law requires a longer cure period, such period shall apply to our notice. Defaults which are susceptible of cure hereunder include the following illustrative events:

22.3.1. If you fail to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time be supplemented by the Operations Manual, or fail to carry out the terms of this Agreement in good faith;

22.3.2. If you fail, refuse or neglect promptly to pay any monies owing to us, or our Affiliates, or any of our Approved Supplies when due, or to submit the financial or other information required by us under this Agreement (You shall have seven (7) days from your receipt of written notice to cure such default);

22.3.3. If you fail to maintain or observe any of the standards or procedures prescribed by us in this Agreement, the Operations Manual, or otherwise in writing;

22.3.4. Except as provided in Section 22.2.6 hereof, if you fail, refuse or neglect to obtain our prior written approval or consent as required by this Agreement;

22.3.5. If, upon inspection by us, or a government or other inspector, your TRANSBLUE Franchised Business is in violation of the insurance, licensing, environmental, health, safety, or sanitation standards prescribed by us in this Agreement, the Operations Manual, or otherwise in writing, or is in violation of any health or safety law, codes, or regulation;

22.3.6. If you act, or fail to act, in any manner which is inconsistent with or contrary to your lease or sublease for the Location, or in any way jeopardize your right to renewal of such lease or sublease (You shall have seven (7) days from your receipt of written notice to cure such default);

22.3.7. If you engage in any business or market any service or product under a name or mark

which, in our opinion, is confusingly similar to the Marks (You shall have seven (7) days from your receipt of written notice to cure such default); or

22.3.8. If you fail to comply with all applicable laws, rules and regulations related to the operation of the TRANSBLUE Franchised Business.

22.4. **Limitation of Services or Benefits.** If you receive a notice of default issued pursuant to either Section 22.2 or Section 22.3 and fail to cure such default within the time period permitted in such notice, we shall have the right, in our sole business judgment, to temporarily or permanently limit, curtail, or remove certain services or benefits provided or required to be provided to you hereunder in lieu of exercising our right to terminate this Agreement pursuant to its terms, including, without limitation:

22.4.1. To restrict you or any of your staff attendance at any initial training, continuing training, meetings, workshops, or conventions;

22.4.2. To refuse or permit any Affiliate to sell or furnish to you any equipment, supplies, products, or advertising and promotional materials, including, but not limited to, withholding shipment of equipment or other products used in the Franchised Business;

22.4.3. To refuse to provide you with ongoing advice about the operation of the TRANSBLUE Franchised Business:

22.4.4. To refuse any request by you to approve a new supplier; and

22.4.5. To refuse any request by you to approve the use of any advertising or promotional materials.

You agree to hold us harmless with respect to any action taken by us pursuant to this Section 22.4; and you further agree that we shall not be liable for any loss, expense, or damage incurred by you or the TRANSBLUE Franchised Business because of any action we take pursuant to this Section 22.4. Nothing in this Section 22.4 constitutes a waiver of any of our rights or remedies under this Agreement or any other agreement between the parties, including, without limitation, the right to terminate this Agreement under Sections 22.1, 22.2, and 22.3 hereof. You acknowledge and agree that our exercise of our rights pursuant to this Section 22.4 shall not be deemed a constructive termination of this Agreement or of any other agreement between the parties, and shall not be deemed a breach of any provision of this Agreement by us. Any services or benefits removed, curtailed, or limited pursuant to this Section 22.4 may be reinstated at any time by us in our sole business judgment and you hereby agree to accept immediately any such reinstatement of services or benefits so removed, curtailed, or limited. You acknowledge and agree that, if we limit any services or benefits under this Section 22.4, you shall continue to pay timely all fees and payments required under this Agreement and any other agreement between you and us, including, without limitation, any fees associated with services or benefits limited by us. You shall have no right to a refund of any fees paid in advance for such services or benefits.

23. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

23.1. **Payment of Amounts Owed to Us and Assignment of Customer Accounts.** Any money which you owe us as of the termination or expiration date of this Agreement shall be paid to us by you within fifteen (15) days of the effective date of the termination or expiration. You agree that all

customer accounts shall be assigned by you immediately to us upon termination or expiration of this Agreement and you agree to execute any and all documents and do such acts as we may request to carry out such assignment of your customer accounts, in our sole business judgment.

23.2. **Marks.** Upon the termination, for any reason, or expiration of this Agreement:

23.2.1. you may not directly or indirectly at any time or in any manner (except with respect to other TRANSBLUE businesses you own and operate) identify yourself or any business as a current or former TRANSBLUE business, or as one of our licensees or franchisees, use any Marks, any colorable imitation thereof or other indicia of a TRANSBLUE business in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that indicates or suggests a connection or association with us;

23.2.2. you agree to take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any Marks;

23.2.3. if we do not exercise our option to purchase the Franchised Business pursuant to Section 23.6, you agree to deliver to us within thirty (30) days after the Notification Date (as defined in Section 23.6.1.) all signs, sign-faces, sign-cabinets, marketing materials, forms, packaging and other materials containing any Marks or otherwise identifying or relating to a TRANSBLUE business and allow us, without liability to you or third parties, to remove all such items from the Franchised Business;

23.2.4. if we do not exercise our option to purchase the Franchised Business pursuant to Section 23.6, you agree that, after the Notification Date, you will promptly and at your own expense make such alterations as we may specify to distinguish the Franchised Business clearly from its former appearance and from other TRANSBLUE businesses so as to prevent confusion therewith by the public;

23.2.5. if we do not exercise our option to purchase the Franchised Business pursuant to Section 23.6, you agree that, after the Notification Date, you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, facsimile or other numbers and any regular, classified or other telephone directory listings associated with any Marks, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and

23.2.6. you agree to furnish us, within thirty (30) days after the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations.

23.3. **Confidential Information.** You agree that, upon termination, for any reason, or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials, including, without limitation, computer software and any mechanisms (electronic key) used to access the software, that we have allowed you to use.

23.4. **Covenant Not to Compete.** Upon the termination or expiration of this Agreement in accordance with its terms and conditions, including the transfer or assignment of this Agreement or any interest in the Franchised Business, you agree that, for a period of thirty six (36) months commencing on the effective date of termination or expiration neither you nor any of your

Owners will have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee in a management or sales capacity, consultant, representative or agent or in any other capacity in any Competitive Business operating at the Location, operating within the Territory, or operating in any area within a radius of one hundred (100) miles from the principal business address of any other then-existing TRANSBLUE business.

23.5. **Commencement by Order.** If it becomes necessary to enforce the Covenant Not to Compete by court order, we will seek to enjoin competition for two years from the date of issuance of the order. You and your Owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

23.6. **Our Rights to Purchase the Franchised Business.**

23.6.1. Exercise of Option. Upon termination or expiration of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within sixty (60) days from the date of such termination or expiration, to purchase the Franchised Business from you, including the leasehold rights to the Location, free and clear of all liens, restrictions or encumbrances. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date.") We have the unrestricted right to assign this option to purchase the Franchised Business. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

23.6.2. Leasehold Rights. You agree, at our election, to assign your leasehold interest in the Location to us or, to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

23.6.3. Purchase Price. The purchase price for the Franchised Business will be its fair market value, determined in a manner consistent with reasonable depreciation of the Franchised Business' equipment, signs, inventory, materials and supplies, provided that the Franchised Business will be valued as an independent business and its value will not include any value for the Franchise or any rights granted by this Agreement; the Marks; or participation in the network of TRANSBLUE businesses. The length of the remaining term of the lease for the Location will also be considered in determining the Franchised Business' fair market value.

23.6.4. Exclusions. We may exclude cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business' operation or that we have not approved as meeting standards for TRANSBLUE businesses from the assets purchased, and the purchase price will reflect these exclusions.

23.6.5. Appraisal. If we and you are unable to agree on the Franchised Business' fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser and the two party appointed appraisers will appoint the third

appraiser. You and we agree to select our respective appraisers within fifteen (15) days after the date we determine that we are unable to agree on the Franchised Business' fair market value, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the reasonable fees and expenses of the third appraiser chosen by the two party appointed appraisers. You and we will take reasonable actions to cause the appraisers to complete their appraisal within thirty (30) days after the third appraiser's appointment.

23.6.6. Closing. The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us.

23.6.7. Instruments. At the closing, you agree to deliver instruments transferring:

23.6.7.1. good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and

23.6.7.2. all licenses and permits of the Franchised Business which may be assigned or transferred; and

23.6.7.3. the leasehold interest in the Location and improvements thereon.

23.6.8. Escrow. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will, at our election, be accomplished through an escrow arrangement with an independent escrow agent selected by us.

23.6.9. Releases. You and your Owners agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

23.7. **Continuing Obligations.** All of our and your (and your Owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

24. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.

24.1. **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Franchised Business personnel and others as the Owner of the Franchised Business under a franchise we have granted and to place such notices of independent ownership on such forms, checks, business cards, stationery and advertising and other materials as we may require from time to time.

24.2. **No Liability For Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than Franchisor and Franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages of any nature whatsoever to any person or property directly or indirectly arising out of the Franchised Business' operation or the business you conduct pursuant to this Agreement.

24.3. **Taxes.** We will have no liability for any sales, use, service, occupation, excise, employment related, gross receipts, income, property or other taxes, whether levied upon you or the Franchised Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

24.4. **Indemnification.** You, and each of the Guarantors identified in Appendix C, agree that you shall, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, affiliates and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the "Indemnified Parties") from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof, which arises out of or is based upon any of the following: the infringement, alleged infringement or any other violation by you, your Guarantors or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties; the violation, breach, or asserted violation or breach by you, your Guarantors or principals of any federal, state, or local law, regulation, ruling or industry standard; libel, slander, or any other form of defamation by you or your Guarantors or principals; the violation or breach by you or by your Guarantors or principals of any warranty, representation, agreement, or obligation of this Agreement or in any other agreement between you and us or our Affiliates; acts, errors, omissions of you, any of your Affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, and employees of you and your Affiliates in connection with the establishment and operation of the Franchised Business, including, but not limited to, any acts, errors, or omissions of any of the foregoing in the operation of any motor vehicle or in the establishment or implementation of security for the Franchised Business. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us at your expense. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

24.5. **Mitigation Not Required.** Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

25. ENFORCEMENT AND MISCELLANEOUS MATTERS.

25.1. **Severability and Substitution of Valid Provisions.** Except as expressly provided to the contrary herein, each provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which will continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto, otherwise upon your receipt from us of a notice of non-enforcement thereof.

25.2. **Lesser Covenant Enforceable.** If any covenant herein is unenforceable because it is too broad, but would be enforceable by reducing it in scope, time or other manner you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.

25.3. **Greater Notice.** If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required herein, this Agreement is deemed modified to comply with the applicable law.

25.4. **Waiver of Obligations.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole business judgment, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

25.5. **Non-Waiver.** We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement.

25.6. **Force Majeure.** Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations is not our or your fault and results from:

25.6.1. unforeseeable transportation shortages, inadequate supply of equipment, products, merchandise, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;

25.6.2. acts of nature;

25.6.3. fires, strikes, embargoes, war or riot; or

25.6.4. any other similar event or cause.

25.7. **Extend Performance**. Any delay resulting from any force majeure causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed.

25.8. **Discontinued Programs/Promotions**. We are not liable to you for any loss or damage, or deemed to be in breach of this Agreement, if we discontinue any programs or promotions and they are no longer a part of our Methods of Operation or if we cannot deliver, or cause to be delivered, or if our Affiliates or designated sources or approved suppliers cannot deliver, all of your orders for products, merchandise, equipment, supplies, etc., where such things are out-of-stock or discontinued.

25.9. **Costs and Attorney's Fees**. If we incur expenses in connection with your failure to pay when due amounts owed to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

25.10. **You May Not Withhold Payments Due to Us**. You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder. You agree that all such claims will, if not otherwise resolved by us, be submitted to arbitration as provided in Section 25.12.

25.11. **Rights of Parties are Cumulative**. Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce.

25.12. **DISPUTE RESOLUTION.**

25.12.1. Mediation. Except as provided in Section 25.12.3., prior to filing any demand for arbitration, the parties agree to mediate any dispute, controversy or claim between the parties and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or Owners arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for your Franchised Business, any loan or other finance arrangement between us or our Affiliates and you, the parties' relationship, your Franchised Business, or any Methods of Operation, our System or any Standard, in accordance with the following procedures:

25.12.1.1. The party seeking mediation must commence mediation by sending the other party, in accordance with Section 26, a written notice of its request for mediation headed "Notification of Dispute". The Notification of Dispute will specify, to the fullest extent possible, the party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute will respond within twenty (20) days after receipt thereof, in accordance with Section 26, stating its version of the facts, and, if applicable, its position as to damages sought by the party initiating the dispute procedure; provided, however, that if the dispute has been the subject of a default notice given under Section 22 of this Agreement, the other party will respond within ten (10) business days.

25.12.1.2. Upon receipt of a Notification of Dispute and response under Section 25.12.1, the parties will endeavor, in good faith, to resolve the dispute outlined in the Notification of Dispute and response. If the parties have

been unable to resolve a dispute outlined in a Notification of Dispute or a response thereto within twenty (20) days after receipt of the response, either party may initiate a mediation procedure in accordance with the American Arbitration Association ("AAA"), pursuant to its Commercial Mediation Procedures, and unless otherwise agreed by the parties will take place in the city of our then-current corporate headquarters. The parties must select a mediator jointly.

25.12.1.3. All mediation sessions will occur in Seattle, Washington at a mutually agreed location and must be attended by your Principal Owners or Managing Owner (and any other persons with authority to settle the dispute on your behalf) and our representatives(s) who is/are authorized to settle the dispute. The parties may be represented by counsel at the mediation. The parties agree to participate in the mediation proceedings in good faith and with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. If the dispute is not resolved within thirty (30) days, the parties are free to pursue arbitration. In addition, if the party receiving notice of mediation has not responded within five (5) days of delivery of the notice or a party fails to participate in the mediation, this Section 25.12.1. will no longer be applicable and the other party can pursue arbitration. The parties agree that the costs of the mediator will be split equally between the parties. Each party must pay its own fees and expenses incurred in connection with the mediation. The mediation proceeding and any negotiations and results thereof will be treated as a compromise settlement negotiation and the entire process is confidential. At least five (5) days prior to the initial mediation session, each party must deliver a written statement of positions.

25.12.2. Arbitration. Except as provided in Section 25.12.3, any dispute, controversy or claim between you and us and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or Owners arising under, out of, in connection with or in relation to this Agreement, any lease of sublease for your Franchised Business, any loan or other financial arrangement between us or our Affiliates and you, the parties' relationship, your Franchised Business, or any System Standard or the scope or validity of the arbitration obligation under this Section not resolved by mediation must be submitted to binding arbitration in accordance with the Federal Arbitration Act. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator.

25.12.2.1. In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such a proceeding will be barred.

25.12.2.2. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator

determines that this limitation or joinder of or class action certification of claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section 25.14.

25.12.2.3. The arbitration must take place in the city closest to where our headquarters is located at the time of the dispute.

25.12.2.4. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must be a former federal or state court judge with at least five (5) years of significant experience in commercial law. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. The arbitrator may not under any circumstances (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Franchisor is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: any decision as to whether Section 25.14 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

25.12.2.5. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc. by any court having jurisdiction.

25.12.2.6. The arbitrator will have subpoena powers limited only by the laws of the state in which the main office of the Franchisor is located.

25.12.2.7. The parties to the dispute will have the same discovery rights as are available in civil actions under the laws of the state in which the main office of Franchisor is then located.

25.12.2.8. All other procedural matters will be determined by applying statutory, common laws, and rules of procedure that control a court of competent jurisdiction in which the main office of Franchisor is then located.

25.12.2.9. Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator) will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

25.12.2.10. The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

25.12.2.11. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with Section 25.9 or 25.12.4.

25.12.3. Exceptions to Arbitration. Notwithstanding Sections 25.12.1 and 25.12.2, the parties agree that the following claims will not be subject to arbitration or mediation.

25.12.3.1. any action for equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, declaratory relief, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceeding initiated hereunder,

25.12.3.2. any action in ejectment or for possession of any interest in real or personal property;

25.12.3.3. any action which by applicable law cannot be arbitrated; or

25.12.3.4. our decision in the first instance to issue a notice of default and/or notice of termination, or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.

25.12.4. Costs and Attorneys' Fees. The prevailing party in any action or proceedings arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed.

25.12.5. Survival. The provisions of this Section 25.12 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

25.12.6. Tolling of the Statute of Limitations. All applicable statutes of limitations and defenses based on the passage of time are tolled while the dispute resolution procedures in this Section 25.12 are pending. The parties will take such action, if any, required to effectuate tolling.

25.12.7. Performance to Continue. Each party must continue to perform its obligations under this Agreement pending final resolution of any dispute pursuant to this Section 25.12, unless to do so would be impossible or impracticable under the circumstances.

25.13. **Governing Law.** All matters relating to arbitration will be governed by the FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 *et. seq.*). Except to the extent governed by the Federal Arbitration Act as required hereby, the UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *et seq.*) or other federal law, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of Washington, without regard to its conflict of laws principles, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this Section.

25.14. **Consent to Jurisdiction**. Subject to Section 25.12, you and your Owners agree that we may institute any action against you or your Owners in any state or federal court of general jurisdiction in the State of Washington, and you (and each Owner) irrevocably submit to the jurisdiction of such courts and waive any objection you (or he or she) may have to either the jurisdiction of or venue in such courts.

25.15. **Waiver of Punitive Damages and Jury Trial**. Except with respect to your obligation to indemnify us pursuant to Section 24 hereof and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you and your respective owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

25.16. **Binding Effect**. This agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by written agreement signed by you and us.

25.17. **Limitations of Claims.** Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement or claims related to your unauthorized use of the Marks, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

25.18. **Construction.** The preambles and exhibits are a part of this Agreement which, together with the Operations Manual and our other written policies, constitute our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement, except that you acknowledge that we justifiably have relied on your representations made prior to the execution of this Agreement. Except as contemplated by the arbitration provisions of Section 25.12, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. Nothing in the Agreement or in any related agreement is intended to disclaim our representations made in the Franchise Disclosure Document.

25.19. **Withhold Approval.** Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

25.20. **Headings.** The headings of the Sections are for convenience only and do not define, limit or construe the contents of the Section.

25.21. **Joint and Several Owners' Liability**. If two or more persons are at any time the Owner of the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

25.22. **Multiple Copies**. This Agreement may be executed in multiple copies, each of which will be deemed an original.

26. **NOTICES AND PAYMENTS.**

26.1. **Notices.** All written notices and reports permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered:

26.1.1. at the time delivered by hand;

26.1.2. one (1) business day after transmission by telecopy, facsimile or other electronic system, provided there is evidence of delivery;

26.1.3. one (1) business day after being placed in the hands of a commercial courier service for next business day delivery, provided there is evidence of delivery; or

26.1.4. five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

26.2. **Payments**. All payments required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered as provided in Section 2 above and will be deemed delivered by bank-wire transfer upon telephone or electronic confirmation with the receiving bank.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date stated on the first page hereof.

Transblue Franchise Company, LLC

By: _____

Title: _____

Dated: _____

EFFECTIVE DATE: _____

EACH OF THE UNDERSIGNED PARTIES WARRANTS AND REPRESENTS THAT HE/SHE HAS NOT RELIED UPON ANY GUARANTEES CONCERNING REVENUE, PROFIT OR THE SUCCESS OF THIS FRANCHISE IN SO SIGNING.

[OWNER CORPORATION OR PARTNERSHIP]

By: _____

Title: _____

Dated: _____

As Individuals:

_____

Dated: _____

_____

Dated: _____

_____

Dated: _____

_____

Dated: _____

APPENDIX A

TO THE FRANCHISE AGREEMENT
BETWEEN Transblue Franchise Company, LLC
AND

_____

DATED _____, 200__

FRANCHISE OWNERSHIP AND MANAGEMENT.

1. **MANAGING OWNER**. The name, home address, phone numbers and social security number of the Managing Owner is:

_____

2. **FORM OF OWNER.**

2.1. **Business Entity.** What is the form of your business entity?

_____

Date of Formation of Entity (Date of Incorporation, if applicable):

_____

Federal Identification Number of Entity:

_____

The following is a list of your directors, if applicable, and officers as of the effective date of Appendix A shown above:

Name of Each Director/Officer/Partner	**Position(s) Held**
_____	_____
_____	_____
_____	_____

3. **OWNERS.** The following list includes the full name and mailing address of each person who is one of your Owners (as defined in the Franchise Agreement) and fully describes the nature of each Owner's interest.

Owner's Name and Address	**Description of Interest** (Must total 100%)
_____	_____
_____	_____

APPENDIX A

TO THE FRANCHISE AGREEMENT
BETWEEN Transblue Franchise Company, LLC
AND

_____
(continued)

IN WITNESS WHEREOF, the parties hereto have executed this Appendix A to the Franchise Agreement on the date(s) set forth below.

Transblue Franchise Company, LLC

By: _____

Name Printed: _____

Title: _____

[OWNER CORPORATION OR PARTNERSHIP]

By: _____

Name Printed: _____

Title: _____

Dated: _____

As Individuals:

_____

Name Printed: _____

Dated: _____

_____

Name Printed: _____

Dated: _____

_____

Name Printed: _____

Dated: _____

_____

Name Printed: _____

Dated: _____

APPENDIX B

TO THE FRANCHISE AGREEMENT
BETWEEN Transblue Franchise Company, LLC
AND

_____

DATED _____, 20___

LOCATION AND TERRITORY.

1. **LOCATION.**

The approved location ("Location") of the Franchised Business is:

_____
_____.

If no location is approved at the time this Agreement is executed, this Appendix B will be updated when a location has been designated by you and duly approved by us.

2. **TERRITORY DEFINITION.** The Territory referred to in the Franchise Agreement shall be:

_____
_____
_____.

3. **TERRITORY AS OF TODAY.** If the Territory is identified by counties or other political subdivisions, the Territory will be fixed by the political boundaries as they exist today. Any later changes to political boundaries shall not change the boundaries of the Territory.

[THE SPACE BELOW IS INTENTIONALLY LEFT BLANK]

APPENDIX B

TO THE FRANCHISE AGREEMENT
BETWEEN Transblue Franchise Company, LLC
AND
_____
(continued)

Transblue Franchise Company, LLC

By: _____

Title: _____

Dated: _____

[OWNER CORPORATION OR PARTNERSHIP]

By: _____

Title: _____

Dated: _____

As Individuals:

_____

Dated: _____

_____

Dated: _____

_____

Dated: _____

APPENDIX C

TO THE FRANCHISE AGREEMENT
BETWEEN Transblue Franchise Company, LLC
AND

_____

DATED _____, 20___

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT.

As an inducement to Transblue Franchise Company, LLC ("Franchisor") to execute the Franchise Agreement between Franchisor and _____ ("Franchisee") dated _____, 20___ (the "Agreement"), the undersigned (the "Guarantors"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the Guarantors will immediately make each payment to Franchisor required of Franchisee under the Agreement. The Guarantors hereby waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the Guarantors under this Guarantee, Franchisor may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and mediation fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The Guarantors hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the transfer or assignment of the Agreement by Franchisee, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination, expiration, transfer, or assignment of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants which by their terms continue in force after the termination, expiration, transfer, or assignment of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by Franchisor. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

APPENDIX C

TO THE FRANCHISE AGREEMENT
BETWEEN Transblue Franchise Company, LLC
AND

_____

(continued)

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 25 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of Washington. In the event of any conflict of law, the laws of Washington shall prevail, without regard to, and without giving effect to, the application of the Washington conflict of law rules.

The Guarantors agree that the dispute resolution and attorney fee provisions in Section 25 of the Agreement are hereby incorporated into this Guarantee by reference, and references to "You" and the "Franchise Agreement" therein shall be deemed to apply to "Guarantors" and this "Guarantee," respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including, without limitation, private delivery or courier service), which shall not include electronic communication, such as e-mail, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Transblue Franchise Company, LLC
18717 76th Avenue West
Lynnwood, Washington 98037

Notices to Guarantors: _____
_____
_____

Any notice by a method which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given at the date and time of receipt or rejected delivery.

GUARANTOR(S)

_____

_____

_____

_____

APPENDIX D

TO THE FRANCHISE AGREEMENT
BETWEEN Transblue Franchise Company, LLC
AND

_____

DATED _____, 20___

COMMUNICATIONS ASSIGNMENT.

The undersigned Franchisee, hereby nominates Transblue Franchise Company, LLC as Attorney-In-Fact to transfer all of Franchisee's right, title, and interest in all telephone numbers, facsimile numbers, and e-mail addresses to Transblue Franchise Company, LLC

This nomination is only effective where Franchisee is in default of the Franchise Agreement to which this Communications Assignment is attached and Franchisee has failed to cure such defaults under the terms of the Franchise Agreement or where the Term of the Franchise Agreement to which this Communication Assignment is attached has expired.

Franchisee: _____

By: _____

Title: _____

Dated: _____

As Individuals:

_____

Date: _____

_____

Date: _____

_____

Date: _____

APPENDIX E

TO THE FRANCHISE AGREEMENT
BETWEEN Transblue Franchise Company, LLC
AND

_____

DATED _____, 20___

ELECTRONIC FUNDS TRANSFER AUTHORIZATION.

The undersigned depositor ("DEPOSITOR") hereby: 1.) authorizes Transblue Franchise Company, LLC ("TRANSBLUE") to initiate debit entries and/or credit correction entries to the DEPOSITOR's checking and/or savings account indicated below and 2.) authorizes the depository designated below ("DEPOSITORY") to debit such accounts pursuant to TRANSBLUE's instructions.

_____	_____
DEPOSITORY	Branch
_____	_____ _____
City	State Zip Code
_____	_____
Bank Transit/ABA Number	Account Number

This authority shall remain in full force and effect until DEPOSITORY has received joint written notification from TRANSBLUE and DEPOSITOR of the DEPOSITOR's termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity to act on it. Notwithstanding the foregoing, DEPOSITORY shall provide TRANSBLUE and DEPOSITOR with thirty (30) days' prior written notice of the termination of this authority. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

_____	_____
DEPOSITOR (Print Name)	DEPOSITORY (Print Name)
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

ACKNOWLEDGMENT ADDENDUM TO
TRANSBLUE FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a TRANSBLUE franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

   ☐ Yes. ☐ No.

2 Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

   ☐ Yes. ☐ No.

   If "No," what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

   _____

   _____

3. Did you receive a copy of the Franchise Agreement at least seven (7) days prior to signing it?

   ☐ Yes. ☐ No.

4. Have you received and personally reviewed the Disclosure Document we provided to you?

   ☐ Yes. ☐ No.

5. Do you understand all of the information contained in the Disclosure Document?

   ☐ Yes. ☐ No.

   If "No", what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary)

   _____
   _____
   _____

6. Did you receive a copy of the Disclosure Document at least fourteen (14) days prior to signing any agreement with us or paying us any money?

   ☐ Yes. ☐ No.

7. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?

☐ Yes. ☐ No.

8. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other Businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

☐ Yes. ☐ No.

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?

☐ Yes. ☐ No.

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

☐ Yes. ☐ No.

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

☐ Yes. ☐ No.

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

☐ Yes. ☐ No.

13. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

☐ Yes. ☐ No.

14. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

☐ Yes. ☐ No.

15. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

☐ Yes. ☐ No.

16. If you have answered "Yes" to any of questions nine (9) through fifteen (15), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.

_____

_____

_____

17. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

☐ Yes. ☐ No.

18. Do you understand that nothing in the Franchise Agreement or in our communications with one another is intended to make, or in fact makes, either you or us a general or limited partner, general or special agent, joint venturer, or employee of the other for any purpose, that the Franchise Agreement does not create a fiduciary relationship between you and us, and that we and you are and will be independent contractors during the term of the Franchise Agreement?

☐ Yes. ☐ No.

19. Do you understand that we will have no liability to you for any injury that may occur to any of your personnel attending any training program we conduct or require your personnel to attend, and that we shall have no liability to you for any wages of your personnel attending any training program we conduct or require your personnel to attend?

☐ Yes. ☐ No.

By signing this Questionnaire, you agree that you understand that your answers are important to us and that we will rely on them, and you are representing that you have responded truthfully to the above questions.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed:_____

Date:_____

APPROVED ON BEHALF OF
Transblue Franchise Company, LLC

By:_____

Title:_____

Date:_____

TRANSBLUE

EXHIBIT "B"
TO THE FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

TRANSBLUE

EXHIBIT "C"
TO THE DISCLOSURE DOCUMENT

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

LIST OF STATE AGENCIES

California Department of Business Oversight 320 West 4th Street Los Angeles, CA 90013 866-275-2677	***Indiana*** Franchise Section Indiana Securities Division Secretary of State Room E-111 302 West Washington Street, Indianapolis, Indiana 46204 317-232-6681	***Minnesota*** Minnesota Dept. of Commerce 85 7th Place East, Suite 500 Saint Paul, Minnesota 55101 651-539-1600
Connecticut Connecticut Dept. of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103 860-240-8230	***Kentucky*** Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 502-696-5300	***Nebraska*** Nebraska Department of Banking and Finance 1200 N Street – Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 402-471-3445
Florida Florida Department of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Parkway Tallahassee, FL 32399-6500 850-410-3807	***Maine*** Bureau of Banking Securities Division 121 State House Station Augusta, Maine 04333 207-624-8551	***New York*** Bureau of Investor Protection & Securities New York State Dept. of Law 120 Broadway, 23rd Floor New York, New York 10271 212-416-8211
Hawaii Business Registration Division Securities Compliance Dept. of Commerce & Consumer Affairs 335 Merchant Street Honolulu, Hawaii 96813 808-586-2744	***Maryland*** Office of the Attorney General Securities Division 200 Saint Paul Place Baltimore, MD 21202 410-576-6360	***North Carolina*** Secretary of State Legislative Office Building 2 South Salisbury Street Raleigh, NC 27601-2903 919-807-2000
Illinois Illinois Attorney General 500 South Second Street Springfield, IL 62706 217-782-1090	***Michigan*** Michigan Attorney General's Office - Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 517-373-7117	***North Dakota*** North Dakota Office of Securities Commission 600 East Boulevard Bismarck, North Dakota 58505 701-328-2910

LIST OF STATE AGENCIES

Rhode Island Rhode Island Department of Business Regulation Securities Division 1511 Pontiac Avenue John Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	***Texas*** Secretary of State Statutory Document Section 1719 Brazos Austin, Texas 78701 512-475-1769	***Washington*** Washington Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507-9033 360-902-8760
South Carolina Secretary of State 1205 Pendleton Street Suite 525 Columbia, SC 29201 803-734-1087	***Utah*** Department of Commerce Division of Consumer Protection 160 East 300 South Post Office Box 45804 Salt Lake City, Utah 84145-0804 801-530-6601	***Wisconsin*** Wisconsin Department Financial Institutions 345 West Washington Ave. Post Office Box 1768 Madison, Wisconsin 53701 608-266-9555
South Dakota South Dakota Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 605-773-4823	***Virginia*** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street 9th Floor Richmond, Virginia 23219 804-371-9051	

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

California California Commissioner of Business Oversight 320 West 4th Street Los Angeles, California 90013 213-576-7500	***Indiana*** Indiana Secretary of State Room E-111 201 State House 200 W. Washington Street Indianapolis, Indiana 46204 317-232-6531	***Minnesota*** Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 Saint Paul, Minnesota 55101 612-296-4026
Connecticut Commissioner of Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103 860-240-8230	***Kentucky*** Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601 502-696-5300	***Nebraska*** Nebraska Department of Banking and Finance 1200 N Street – Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 402-471-3445
Florida Florida Department of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Parkway Tallahassee, FL 32399-6500 850-410-3807	***Maine*** Bureau of Banking Securities Division 121 State House Station Augusta, Maine 04333 207-624-8551	***New York*** Secretary of State of New York 99 Washington Avenue Albany, New York 12231 518-474-4750
Hawaii Commissioner of Securities, Dept. of Commerce & Consumer Affairs 335 Merchant Street Honolulu, Hawaii 96813 808-586-2727	***Maryland*** Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 410-576-6360	***North Carolina*** Secretary of State Legislative Office Building 2 South Salisbury Street Raleigh, NC 27601-2903 919-807-2000
Illinois Illinois Attorney General 500 South Second Street Springfield, IL 62706 217-782-1090	***Michigan*** Michigan Dept. of Commerce, Corporations and Securities Bureau 6546 Mercantile Way Lansing, Michigan 48910 517-241-6470	***North Dakota*** North Dakota Office of Securities Commission 600 East Boulevard Bismarck, ND 58505 701-328-2910
Rhode Island Director of Rhode Island Department of Business Regulation 1511 Pontiac Avenue John Pastore Complex-69-1 Cranston, RI 02920-4407 401- 462-9527	***Texas*** Secretary of State Statutory Document Section 1719 Brazos Austin, Texas 78701 512-475-1769	***Washington*** Director, Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501 360-902-8760

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

South Carolina Secretary of State 1205 Pendleton Street Suite 525 Columbia, SC 29201 803-734-1087	***Utah*** Department of Commerce Division of Consumer Protection 160 East 300 South Post Office Box 45804 Salt Lake City, Utah 84145-0804 801-530-6601	***Wisconsin*** Wisconsin Department Financial Institutions 345 West Washington Ave. Post Office Box 1768 Madison, Wisconsin 53701 608-266-9555
South Dakota Director of South Dakota Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 605-773-4823	***Virginia*** Clerk of the State Corporation Commission 1300 East Main Street 1st Floor Richmond, Virginia 23219 804-371-9672	

TRANSBLUE

EXHIBIT "D"
TO THE DISCLOSURE DOCUMENT

COPY OF CURRENT FORM OF GENERAL RELEASE

RELEASE OF CLAIMS

THIS IS A CURRENT FORM THAT IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Transblue Franchise Company, LLC ("TRANSBLUE") and _____ ("Franchisee") enter into this Release of Claims ("Agreement").

RECITALS

A. TRANSBLUE and Franchisee entered into a TRANSBLUE Franchise Agreement dated _____, ____.

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, TRANSBLUE and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. **Consideration**. [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims by Transblue Franchise Company, LLC.** In consideration of, and only upon full payment of $_____ to TRANSBLUE, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, TRANSBLUE, for itself and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee from any obligations he may have under this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge TRANSBLUE and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. **Reservation of Claims Against Non-Settling Parties.** TRANSBLUE and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the State of Washington.

10. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

Dated: _____, 20____

Transblue Franchise Company, LLC

By_____
Its_____

Dated: _____, 20____

FRANCHISEE:_____

By_____

TRANSBLUE

EXHIBIT "E"
TO THE DISCLOSURE DOCUMENT

SAMPLE CONFIDENTIALITY AGREEMENTS

CONFIDENTIALITY AGREEMENT
AND ANCILLARY COVENANTS NOT TO COMPETE.

This Confidentiality Agreement and Ancillary Covenants Not to Compete (this "Agreement") is made and entered into this _____ day of _____, 20_____ ("Effective Date"), between Transblue Franchise Company, LLC ("Company"), a limited liability company formed under Washington law, with its principal business address at 18717 76th Avenue West, Lynnwood, Washington 98037, _____ ("Franchisee") a [TYPE OF ENTITY] with its principal business address at _____ (the "Business Location"), and _____ ("Recipient"), an individual residing at _____.

RECITALS

WHEREAS, Company, as the result of the expenditure of time, skill, effort and money, developed and owns a distinctive System for the development and operation of businesses operating under the TRANSBLUE trade name which offer and provide general contractor services, including specialty landscape design and construction services, snow plowing services, concrete or asphalt construction services, and related services and products; and

WHEREAS, Company's Confidential Information developed and used in connection with the System provides economic advantages to Company and includes information and knowhow not generally known to, and not readily ascertainable by proper means by, Company's competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Company has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, Company has granted Franchisee the limited right to operate a TRANSBLUE business (the "Franchised Business") using the System, the Marks and Confidential Information for the period defined in the Franchise Agreement made and entered into on _____, 20_____ ("Franchise Agreement"), by and between Company and Franchisee; and

WHEREAS, Company and Franchisee have agreed in the Franchise Agreement on the importance to Company and to Franchisee and other authorized users of the System of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, it shall be necessary for certain Personnel, agents, independent contractors, officers, directors and interest holders of Franchisee, or any entity having an interest in Franchisee to have access to and to use some or all of the Confidential Information in the management and operation of Franchisee's business using the System; and

WHEREAS, Franchisee has agreed to obtain from recipients of Confidential Information written Agreements protecting the System against unfair competition; and

WHEREAS, Recipient wishes to remain, or wishes to become employed by or associated with Franchisee; and

WHEREAS, Recipient wishes and needs to receive and use the Confidential Information in the course of his or her employment or association in order to effectively perform services for Franchisee; and

WHEREAS, Recipient acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Recipient herein;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Definitions

"Affiliate" means any Person that is directly or indirectly owned or controlled by, controlling, or under common control with another Person.

"Business Day" means any day other than Saturday, Sunday and national holidays on which the U.S. postal service is authorized not to deliver mail and any other TRANSBLUE holidays specifically designated in our Operations Manual.

"Competitive Business" means any business that offers or provides general contracting services, landscape design and construction services, snow plowing services, concrete or asphalt construction services, or any business that offers, sells, or provides services, products, materials, items, or equipment that are the same or similar to those offered by TRANSBLUE businesses, or any business that offers franchises or licenses for any business that offers or provides general contracting services, landscape design and construction services, snow plowing services, concrete or asphalt construction services, or any business that offers, sells, or provides services, products, materials, items, or equipment that are the same or similar to those offered by TRANSBLUE businesses. A Competitive Business does not include: (a) other businesses that are licensed or franchised by us or any of our Affiliates; or (b) shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

"Confidential Information" means trade secrets, including proprietary and confidential information relating to the development and operation of TRANSBLUE businesses, including:

(a) computer systems and software programs and manuals for use in TRANSBLUE businesses;

(b) identity of suppliers and knowledge of Standards for, and suppliers of, Services and Products as well as fixtures, furnishings, equipment, products, materials and other supplies;

(c) methods of training and management relating to the operation of TRANSBLUE businesses;

(d) Standards, programs and protocols, the Operations Manual, trade secrets (whether or not meeting the statutory requirements of a trade secret), any other proprietary materials, and knowledge of, and experience in, developing and operating TRANSBLUE businesses;

(e) sales, marketing and advertising programs, techniques and methods for TRANSBLUE businesses;

(f) knowledge of operating results and financial performance of TRANSBLUE businesses;

(g) manager, employee, and independent contractor recruiting, interviewing, orientation and training programs, procedures and requirements;

(h) information and data regarding TRANSBLUE business personnel, clients, and billing information; and

(i) any and all other information that we provide you that we designate proprietary or confidential.

"Immediate Family" means a person's spouse, parents, brothers, sisters and children, whether natural, adopted or through marriage, including parents-in-law, brothers-in-law, sisters-in-law and step-children.

"Legal Entity" means a business entity, including a corporation, general or limited partnership, limited liability company, limited liability partnership, or any other type of legal entity.

"Marks" means the current and future trade names, trademarks, service marks and trade dress used to identify the services and/or products offered by TRANSBLUE businesses, including the "TRANSBLUE" mark and the distinctive building design, color scheme and signage of TRANSBLUE businesses.

"Operations Manual" means Company's confidential policy manual, as amended from time to time, which may consist of one or more manuals, including any of Company's operating system manuals and management training manuals containing Company's mandatory and suggested Standards relating to the development and operation of TRANSBLUE businesses and other information relating to Franchisee's obligations, which Company furnishes to franchisees and developers from time to time for use in operating a TRANSBLUE business. The term "Operations Manual" also includes any directives or other information or materials provided to franchisees or developers (by any means whatsoever) in connection with the operation of a TRANSBLUE business that Company deems part of the Operations Manual, including, but not limited to, bulletins, e-mails, videotapes, audio tapes, compact discs, computer diskettes, magnetic media, computer software and CD/Roms.

"Owner" means collectively or individually, all Persons holding a direct or indirect ownership interest in Franchisee or in any Affiliate of Franchisee as designated by Company.

"Person" means any natural person and any business entity, including a corporation, general or limited partnership, limited liability company, limited liability partnership, or any other type of legal entity.

"Personnel" means all persons employed by Franchisee in connection with the development, management or operation of the Franchised Business, including persons in management positions, hourly or salaried employees, independent contractors, and all other persons who work in or for the Franchised Business.

"Services and Products means the services, products, promotional items and any other ancillary services or merchandise designated by us from time to time for sale at or from TRANSBLUE businesses.

"Standards" means the mandatory and suggested specifications, standards, programs and protocols, training protocols, operating procedures and rules that Company prescribes from time to time for the operation of a TRANSBLUE business and any other information provided to Franchisee relating

to Franchisee's development of TRANSBLUE businesses or to any other of Franchisee's obligations under the Franchise Agreement and related agreements.

"System" means the business methods, designs, arrangements and other Standards for developing and operating the Franchised Business, including those pertaining to site selection, construction, building design, signage and layouts, equipment, specifications for Services and Products, training, training protocols, client service, and requirements and policies regarding Personnel, accounting and financial performance, advertising and marketing programs and information technology, all of which Company may improve, further develop or otherwise modify from time to time.

Confidentiality

2. Recipient expressly acknowledges that Recipient possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Agreement shall not deprive Recipient of any personal goodwill or ability to earn a living.

3. Company and/or Franchisee shall disclose to Recipient some or all of the Confidential Information relating to the System.

4. Recipient shall receive the Confidential Information in confidence and shall, at all times, maintain it in confidence, and use the Confidential Information only in the course of his or her employment by or association with Franchisee and then only in connection with the operation by Franchisee of TRANSBLUE businesses using the System for so long as Franchisee is authorized by Company to use the System.

5. Recipient shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Company's written permission.

6. Recipient shall not at any time disclose or permit the disclosure of the Confidential Information except to other Personnel of Franchisee and only to the limited extent necessary to train or assist other Personnel of Franchisee in the development or operation of the Franchised Business using the System.

7. Recipient shall surrender any material containing some or all of Company's Confidential Information to Franchisee or Company, upon request, or upon termination of employment by or association with Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Recipient.

8. Recipient shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

9. All Operations Manuals are loaned by Company to Franchisee for limited purposes only and remain the property of Company and may not be reproduced, in whole or in part, without Company's consent.

Covenants Not to Compete

10. In order to protect the goodwill and distinctive qualities of the System and the confidentiality and value of the Confidential Information, and in consideration for the disclosure to Recipient of the Confidential Information, Recipient agrees and covenants as follows:

10.1 During the term of this Agreement and, except with regard to subsection (i)(c), for two (2) years following the earlier of the expiration, termination or transfer of all of Franchisee's interest in the Franchise Agreement or the termination of Recipient's employment by or association with Franchisee (the "Restriction Period"), Recipient shall not, without Company's prior consent (which consent may be withheld at Company's sole discretion):

i) as a direct or beneficial owner, or as an investor, partner, director, officer, member, employee, advisor, consultant, representative or agent or in any other capacity, have any direct or indirect interest (including through Immediate Family) in, including any Ownership Interest in, making loans to, engaging in or performing services for, any Competitive Business in or within:

(a) two hundred (200) miles of the Business Location;

(b) fifty (50) miles of the principal business address of any TRANSBLUE business in operation or under construction upon the effective date of the start of the Restriction Period; or

(c) the United States of America (applicable only during the term of this Agreement).

ii) recruit or employ or seek to employ or hire any person who is at the time (or has been within the preceding twelve (12) months) employed by Company, any of Company's Affiliates or any franchisee of Company, or otherwise directly or indirectly induce such person to leave employment with Company or any of Company's Affiliates or franchisees without obtaining the prior written permission of that person's employer; or

iii) divert or attempt to divert directly or indirectly, any business, business opportunity or client of the Franchised Business to any Competitive Business or do anything injurious or prejudicial to the goodwill associated with the Marks or the System.

10.2 Recipient acknowledges and agrees that the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Company's goodwill or other business interests. Recipient also acknowledges and agrees that the covenants are reasonable, proper and necessary to maintain the reputation and goodwill of the System, generally. Each of the foregoing covenants is independent of each other covenant or agreement contained in this Agreement.

10.3 Company may, in its sole discretion, reduce the area, duration or scope of any covenant contained in this Section without Recipient or Franchisee's consent or the consent of any Owners, effective upon notice to Recipient. Recipient shall comply with any covenant as so modified. If all or any portion of a covenant in this Section is held invalid, unreasonable or unenforceable by a court or agency having jurisdiction, Recipient shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

Miscellaneous

11. The term of this Agreement shall begin on the date first written above and shall continue in effect until the earlier of the expiration, termination or transfer of all of Franchisee's interest in the Franchise Agreement or the termination of Recipient's employment by or association with Franchisee.

12. Franchisee shall make all commercially reasonable efforts to ensure that Recipient acts as required by this Agreement.

13. Recipient agrees that in the event of a breach of this Agreement, Company would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Company shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity (including any right to terminate the Franchise Agreement, as provided therein), to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

14. Recipient agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Company and Franchisee in enforcing this Agreement.

15. Any failure by Company or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Recipient shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Recipient.

16. Arbitration. Recipient agrees that any dispute, controversy or claim between Company and Recipient arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the scope or validity of the arbitration obligation under this Section must be submitted to binding arbitration in accordance with the Federal Arbitration Act. The arbitration will be administered by the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules then in effect by one arbitrator.

16.1. In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such a proceeding will be barred.

16.2. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation or joinder of or class action certification of claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with this Agreement.

16.3. The arbitration must take place in the city closest to where Company's headquarters is located at the time of the dispute.

16.4. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator shall be a practicing attorney or retired judge with at least five years total working experience in commercial law. The arbitrator may not consider any settlement discussions or offers that

might have been made by either party. The arbitrator may not under any circumstances (a) assess punitive or exemplary damages, or (b) certify a class or a consolidated action. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Company is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: subject matter, timeliness, scope, remedies, and unconscionability.

16.5. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc. by any court having jurisdiction.

16.6. The arbitrator will have subpoena powers limited only by the laws of the state in which the main office of the Company is located.

16.7. The parties to the dispute will have the same discovery rights as are available in civil actions under the laws of the state in which the main office of Company is then located.

16.8. All other procedural matters will be determined by applying statutory, common laws, and rules of procedure that control a court of competent jurisdiction in which the main office of Franchisor is then located.

16.9. Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator) will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

16.10. The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

16.11. Company reserve the right, but has no obligation, to advance Recipient's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished its right to seek recovery of those costs in accordance with this Agreement.

17. Exceptions to Arbitration. Notwithstanding Section 16, the parties agree that the following claims will not be subject to arbitration.

17.1. any action for equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, declaratory relief, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceeding initiated hereunder,

17.2. any action in ejectment or for possession of any interest in real or personal property;

17.3. any action which by applicable law cannot be arbitrated; or

17.4. in the event any third party action, suit or proceeding is commenced against Company, or any Affiliate, and such action, suit or proceeding relates to any acts, errors, or omissions of

Recipient, Company's decision to join Recipient to the action, suit or proceeding, or Company's decision to file any claim against Recipient relating to the action, suit or proceeding.

18. Costs and Attorney's Fees. The prevailing party in any action or proceedings arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed.

19. Tolling of the Statute of Limitations. All applicable statutes of limitations and defenses based on the passage of time are tolled while the arbitration procedures in Section 16 are pending. The parties will take such action, if any, required to effectuate tolling.

20. Governing Law. All matters relating to arbitration will be governed by the FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 *et. seq.*). Except to the extent governed by the Federal Arbitration Act as required hereby, the UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *et seq.*) or other federal law, this Agreement, the Franchise Agreement and all claims arising from the relationship between Recipient and Company will be governed by the laws of Washington, without regard to its conflict of laws principles, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this Section.

21. Consent to Jurisdiction. Subject to Section 16 hereof, Recipient agrees that Company may institute any action against Recipient in any state or federal court of general jurisdiction in Washington, and Recipient irrevocably submit to the jurisdiction of such courts and waive any objection Recipient may have to either the jurisdiction of or venue in such courts. **RECIPIENT HEREBY IRREVOCABLY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM OR HER IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY APPLICABLE LAW. RECIPIENT FURTHER AGREES THAT WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, COMPANY MAY BRING SUCH ACTION IN ANY COURT THAT HAS JURISDICTION.**

22. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

23. The rights and remedies of Company under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective Affiliates, successors and assigns. The respective obligations of Franchisee and Recipient hereunder may not be assigned by Franchisee or Recipient, without the prior consent of Company.

24. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including, without limitation, private delivery or courier service), which shall not include electronic communication, such as e-mail, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party, and shall be deemed so delivered:

a. at the time delivered by hand;

b. one (1) Business Day after transmission by facsimile (provided that the sender confirms the facsimile by sending to the other party an original confirmation copy by certified or registered mail or expedited delivery service delivered within five (5) days after transmission);

c. one (1) Business Day after being placed in the hands of a commercial courier service, provided there is proof of receipt; or

d. three (3) Business Days after placement in the United States Mail by certified mail, return receipt requested, postage prepaid.

e. Any notice by a means which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given and received at the date and time of receipt or rejected delivery.

If directed to Company, the notice shall be addressed to:

Transblue Franchise Company, LLC
18717 76th Avenue West
Lynnwood, Washington 98037
Attention: President

If directed to Recipient, the notice shall be addressed to:

_____
_____
_____
Attention: _____

If directed to Franchisee, the notice shall be addressed to:

_____
_____
_____
Attention: _____

IN WITNESS WHEREOF, the undersigned have entered into this Agreement on the Effective Date as witnessed by their signatures below.

COMPANY: Transblue Franchise Company, LLC

By: _____
Name: _____
Title: _____

RECIPIENT:

By: _____
Name: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

CONFIDENTIALITY AGREEMENT

Directions. Each Franchisee employee or independent contractor of Franchisee with access to Franchisor's Confidential Information, including Franchisee's Computer System which may contain Franchisor's proprietary software, shall complete and sign one copy of this Confidentiality Agreement and the Franchisee shall return it to the Franchisor.

Print your name		
Your address (street, town, state, ZIP)	Street	
	Town	
	State	ZIP
Your phone number (with area code		
Name of the Franchisee (the "Franchisee") who is your employer or with whom you have an independent contractor agreement		
City and state in which Franchisee is located	City	State
Identify the position you hold or will hold with the Franchisee		

In consideration of your position or independent contractor relationship with the above Franchisee, you, the undersigned, hereby acknowledge and agree that:

1. **Confidentiality Agreement.** The Franchisee operates a franchised TRANSBLUE Business (the "Franchised Business") under a franchise agreement with TRANSBLUE FRANCHISE COMPANY, LLC (the "Franchisor"). During the term of your employment or independent contractor relationship arrangement with the Franchisee and for all time thereafter, you agree not to communicate, divulge, or use for the benefit of any person or entity (such as a partnership, association, limited liability company, corporation, or other entity) any confidential information, knowledge, or know-how concerning the training you receive and the methods of operation of the Franchised Business that may be communicated to you by virtue of your employment, affiliation, or independent contractor relationship with the Franchisee. Any and all information, knowledge, know-how, techniques, and other data that the Franchisor designates as confidential shall be deemed confidential for purposes of this Confidentiality and Non-competition Agreement (the "Agreement."). You acknowledge and agree that any all information you obtain, or to which you have access, concerning the Franchisee's Computer System, or any software or electronic media used by the Franchisee, including without limitation any passwords, or information used to access the Computer System, any software, or any electronic media, shall be deemed confidential and subject to the terms of this Agreement.

2. **Third-party beneficiary.** The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely or jointly with the Franchisee at the Franchisor's sole discretion. Any violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm, and, therefore, the Franchisor or the Franchisee, or both, may apply for the issuance of an injunction preventing you from violating this Agreement in addition to any other remedies it or they may have hereunder, at law or in equity.

I have read and understand this Confidentiality Agreement. I agree to be bound by this Confidentiality Agreement. I have a copy of this Confidentiality Agreement.

This Agreement shall be construed under the laws of the State of Washington.

The only way this Agreement can be changed is in a writing signed by the Franchisor, the Franchisee and you.

ACKNOWLEDGED BY YOU

/s/_____

Name Printed: _____

Date: _____

TRANSBLUE

EXHIBIT "F"
TO THE DISCLOSURE DOCUMENT

STATE ADDENDA

ADDENDUM TO

TRANSBLUE
FRANCHISE DISCLOSURE DOCUMENT FOR THE
STATE OF CALIFORNIA

The following information applies to franchises and franchisees subject to the California Franchise Investment Act. Item numbers correspond to those in the main body:

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

SECTION 31125 OF THE CALIFORNIA INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

Item 3.

Item 3 is amended to provide that neither we nor any other person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association.

Item 17.

1. California Business & Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

2. Termination of the Franchise Agreement by us because of your insolvency or bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

3. 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.

4. You must sign a general release if you are granted a successor franchise or transfer your franchise. These provisions may be unenforceable under California law. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver

of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

6. The Franchise Agreement requires binding arbitration. The arbitration will occur in the office of the American Arbitration Association that is nearest to our principal business address with the costs being borne as determined by the arbitrator. 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.

ADDENDUM TO
TRANSBLUE
FRANCHISE AGREEMENT FOR THE
STATE OF CALIFORNIA

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

1. Article 23.4. of the Franchise Agreement contain a covenant not to compete which extends beyond the term of the franchise. This provision may not be enforceable under California law.

2. Article 25.13. of the Franchise Agreement requires the application of the laws of Washington. This provision may not be enforceable under California law.

In all other respects, the Franchise Agreement will be construed and enforced according to its terms. Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

Transblue Franchise Company, LLC

By: _____
Name Printed: _____
Title: _____
Dated: _____

[OWNER CORPORATION OR PARTNERSHIP]

By: _____
Name Printed: _____
Title: _____
Dated: _____

ADDENDUM TO
TRANSBLUE
FRANCHISE DISCLOSURE DOCUMENT FOR THE
STATE OF WASHINGTON

1. Item 17 of the Franchise Disclosure Document is hereby amended with the addition of the following language:

Washington law RCW 19.100.180(2)(i) and (j) provides certain rights and remedies to franchisees in connection with termination or renewal of a franchise. More specifically Washington law provides that it is unlawful for a franchisor to:

(i) Refuse to renew a franchise without fairly compensating the franchisee for the fair market value, at the time of expiration of the franchise, of the franchisee's inventory, supplies, equipment, and furnishings purchased from the franchisor, and good will, exclusive of personalized materials which have no value to the franchisor, and inventory, supplies, equipment, and furnishings not reasonably required in the conduct of the franchise business: PROVIDED, That compensation need not be made to a franchisee for good will if (i) the franchisee has been given one year's notice of nonrenewal and (ii) the franchisor agrees in writing not to enforce any covenant which restrains the franchisee from competing with the franchisor: PROVIDED FURTHER, That a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to the franchisor.

(j) Terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of the franchisee to comply with lawful material provisions of the franchise or other agreement between the franchisor and the franchisee and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty days, to cure such default, or if such default cannot reasonably be cured within thirty days, the failure of the franchisee to initiate within thirty days substantial and continuing action to cure such default: PROVIDED, That after three willful and material breaches of the same term of the franchise agreement occurring within a twelve-month period, for which the franchisee has been given notice and an opportunity to cure as provided in this subsection, the franchisor may terminate the agreement upon any subsequent willful and material breach of the same term within the twelve-month period without providing notice or opportunity to cure: PROVIDED FURTHER, That a franchisor may terminate a franchise without giving prior notice or opportunity to cure a default if the franchisee: (i) Is adjudicated a bankrupt or insolvent; (ii) makes an assignment for the benefit of creditors or similar disposition of the assets of the franchise business; (iii) voluntarily abandons the franchise business; or (iv) is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchise business. Upon termination for good cause, the franchisor shall purchase from the franchisee at a fair market value at the time of termination, the franchisee's inventory and supplies, exclusive of (i) personalized materials which have no value to the franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchise business; and (iii), if the franchisee is to retain control of the premises of the franchise business, any inventory and supplies not purchased from the franchisor or on his or her express requirement: PROVIDED,

ADDENDUM TO
TRANSBLUE
FRANCHISE DISCLOSURE DOCUMENT FOR THE
STATE OF WASHINGTON
(continued)

That a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to the franchisor.

3. Washington law RCW 19.100.180(2)(g) provides that it is unlawful to require the franchisee to assent to a release, assignment, violation or waiver which would relieve the franchisor from any liability imposed by the Washington Franchise Investment Protection Act.

ADDENDUM TO
TRANSBLUE
FRANCHISE AGREEMENT FOR THE
STATE OF WASHINGTON

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

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

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. Article 25.13. of the Franchise Agreement is amended by the addition of the following language:

If any of the provisions in the Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and Franchise Agreement with regard to any franchise sold in Washington.

4. Article 25.15. of the Franchise Agreement is amended by the addition of the following language:

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

ADDENDUM TO
TRANSBLUE
FRANCHISE AGREEMENT FOR THE
STATE OF WASHINGTON
(continued)

5. Article 23.6. of the Franchise Agreement is amended by adding the following sentence:

We will purchase your inventory and supplies for their fair market value at the time of termination of the Franchise Agreement for good cause, subject to and in compliance with RCW 19.100.180(2)(j).

6. Article 20.4.5. of the Franchise Agreement is deleted in its entirety and replaced by the following language:

Transfer Fee. You pay us a transfer fee in the amount of our reasonable legal fees and administrative costs incurred, and our reasonable out-of-pocket expenses, including, without limitation, travel, meals, lodging and other investigative expenses involved in meeting with or qualifying the transferee. If the proposed transfer is among your owners or first degree relatives, the transfer fee will be waived, although you are required to reimburse us for any reasonable legal and administrative costs we incur in connection with the transfer.

7. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this addendum.

8. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

Transblue Franchise Company, LLC

By: _____
Name Printed: _____
Title: _____
Dated: _____

[OWNER CORPORATION OR PARTNERSHIP]
By: _____
Name Printed: _____
Title: _____
Dated: _____

TRANSBLUE

EXHIBIT "G"
TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT
TRANSBLUE

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 Transblue Franchise Company, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York law requires that Transblue Franchise Company, LLC provide this 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. Michigan law requires that Transblue Franchise Company, LLC provide this franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Transblue Franchise Company, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and appropriate state agency listed in Exhibit "C". Transblue Franchise Company, LLC's registered agents authorized to receive service of process are listed in Exhibit "C".

The name, principal business address and telephone number of each franchise seller offering the franchise is:

The name, principal business address and telephone number of each franchise seller offering the franchise is:		
Aimee Wescott	David Vetter	James Wescott
David Wescott	Vince Ortiz	Todd Runge
Dylan Moses		
The principal business address and telephone number for the individuals listed above is: Transblue Franchise Company, LLC, 18717 76th Avenue West, Lynnwood, Washington 98037, Phone: (425) 658-0098		

Date of Issuance: September 26, 2018

I received a disclosure document dated September 26, 2018, that included the following Exhibits:

A. FRANCHISE AGREEMENT
B. FINANCIAL STATEMENTS
C. LIST OF STATE AGENCIES AND LIST OF STATE AGENTS FOR SERVICE OF PROCESS
D. COPY OF CURRENT FORM OF GENERAL RELEASE
E. SAMPLE CONFIDENTIALITY AGREEMENTS
F. STATE ADDENDA
G. RECEIPTS

DATE DISCLOSURE DOCUMENT RECEIVED: _____

Signed: _____

Date Signed: _____

Print Name and Address: _____

_____

Please sign and date this Receipt (with the date you received the Franchise Disclosure Document) and if you received it electronically via email, also: Open the attached Franchise Disclosure Document to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the cover page of this Franchise Disclosure Document, stating that you received and downloaded this Franchise Disclosure Document.

Also, print, sign and date a copy of this Receipt (with the date you received this Franchise Disclosure Document), and return the signed Receipt by mail to us at: Transblue Franchise Company, LLC, 18717 76th Avenue West, Lynnwood, Washington 98037.

FRANCHISEE'S COPY

RECEIPT
TRANSBLUE

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 Transblue Franchise Company, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York law requires that Transblue Franchise Company, LLC provide this 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. Michigan law requires that Transblue Franchise Company, LLC provide this franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Transblue Franchise Company, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and appropriate state agency listed in Exhibit "C". Transblue Franchise Company, LLC's registered agents authorized to receive service of process are listed in Exhibit "C".

The name, principal business address and telephone number of each franchise seller offering the franchise is:		
Aimee Wescott	David Vetter	James Wescott
David Wescott	Vince Ortiz	Todd Runge
Dylan Moses		
The principal business address and telephone number for the individuals listed above is: Transblue Franchise Company, LLC, 18717 76th Avenue West, Lynnwood, Washington 98037, Phone: (425) 658-0098		

Date of Issuance: September 26, 2018

I received a disclosure document dated September 26, 2018, that included the following Exhibits:

A. FRANCHISE AGREEMENT
B. FINANCIAL STATEMENTS
C. LIST OF STATE AGENCIES AND LIST OF STATE AGENTS FOR SERVICE OF PROCESS
D. COPY OF CURRENT FORM OF GENERAL RELEASE
E. SAMPLE CONFIDENTIALITY AGREEMENTS
F. STATE ADDENDA
G. RECEIPTS

DATE DISCLOSURE DOCUMENT RECEIVED: _____

Signed: _____

Date Signed: _____

Print Name and Address: _____

Please sign and date this Receipt (with the date you received the Franchise Disclosure Document) and if you received it electronically via email, also: Open the attached Franchise Disclosure Document to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the cover page of this Franchise Disclosure Document, stating that you received and downloaded this Franchise Disclosure Document.

Also, print, sign and date a copy of this Receipt (with the date you received this Franchise Disclosure Document), and return the signed Receipt by mail to us at: Transblue Franchise Company, LLC, 18717 76th Avenue West, Lynnwood, Washington 98037.

FRANCHISOR'S COPY