FRANCHISE DISCLOSURE DOCUMENT

Truly Nolen of America, Inc.
An Arizona Corporation
432 S Williams Blvd
Tucson, Arizona 85711
(520) 327-3447
Website Address:
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Email: usa.franchise@trulynolen.com

As a qualified franchisee, you will sell and perform termite and pest control services for structures, buildings, lawn and ornamental pest and weed control services, related inspection services, and specialty services. You may also sell and perform other related products and services. You, as a franchisee, may elect to offer some or all of these services. The total investment necessary to begin operation of a Truly Nolen franchise ranges from $50,421 to $122,207. This includes between $27,550 and $46,800 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the 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 Truly Nolen of America, Inc. at 432 S Williams Blvd, Tucson AZ 85711; tel: (520) 327-3447.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," 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: June 15, 2022.

HOW TO USE THIS FRANCHISE DISCLOSURE DOCUMENT

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

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

WHAT YOU NEED TO KNOW ABOUT FRANCHISING *GENERALLY*

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

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

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

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

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

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

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

SOME STATES REQUIRE REGISTRATION

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

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

SPECIAL RISKS TO CONSIDER ABOUT *THIS* FRANCHISE

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

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with us by mediation and litigation in Arizona. Out of state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and litigate in Arizona than in your own state.

Mandatory Minimum Payments. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

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A: List of State Administrators/Agents for Service of Process
B: State Specific Addenda
C: Franchise Agreement
D: Asset Purchase and Sale Agreement
E: Promissory Note
F: Form of Real Estate Lease
G: Financial Statements
H: List of Franchisees
I: List of Franchisees Who Have Left The System
J: TNAI Company-Owned Businesses
K: Table of Contents of Manual
L: Franchisee Disclosure Acknowledgment Statement
M: Form of General Release
N: Receipts

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

Franchisor

The Franchisor is Truly Nolen of America, Inc., and for ease of reference, it will be referred to as "we", "us" or "TNAI," which is the name that you will use for your business. We refer to the person or entity who buys the franchise as "you" throughout the Disclosure Document. If you are a corporation or other form of business entity, certain provisions of the Franchise Agreement also apply to your owners and will be noted.

Truly Wheatfield Nolen began the family's pest control business in 1938. In August 1955, his son, Truly David Nolen started his own separate pest control business. Between 1955 and 1985, Truly David Nolen formed ten separate corporations under various names to operate pest control businesses in Arizona, California, Florida, Nevada, New Mexico and Texas. In 1965, one of his ten corporations purchased all of the assets of his father's business, which was then named Truly Nolen, Inc. One of the ten corporations formed by Truly David Nolen was TNAI, which was originally incorporated in Arizona on June 29, 1960 under the name Truly Nolen Exterminating, Inc. On January 28, 1985, the other nine corporations were merged into TNAI, which was the surviving corporation and changed its name to Truly Nolen of America, Inc.

We are an Arizona corporation that maintains principal offices at 432 S Williams Blvd, Tucson, Arizona 85711; (520) 327-3447. We also do business under the names "Truly Nolen Pest and Termite," "Truly Nolen Exterminators" and "Truly Nolen Lawn Care."

We own, operate and also franchise Truly Nolen pest control businesses ("**Truly Nolen Businesses**") which offer pest and termite control and inspection services, and lawn and ornamental pest and weed control and inspection services, all utilizing comprehensive service methods, procedures, advertising formats, promotional plans and market research methods. We have conducted a business of the type you will operate since 1960. As of the end of our last fiscal year, we operated 77 branch offices in Arizona, California, Florida, Nevada, New Mexico, Texas, and Utah. We have offered franchises for pest control businesses since 1996. We have never offered franchises in any other line of business. We and our affiliates are exploring or may explore other service businesses and products and may use the "Truly Nolen" names and trademarks in the promotion of these other businesses. These other businesses are not included as part of this franchise offering.

Our Parents, Predecessors and Affiliates

We do not have any parent entities or predecessors.

An affiliate of TNAI, Truly Nolen International S.A., a British Virgin Islands company ("**Truly Nolen International**") formed on June 23, 1989, offers franchises under the "Truly Nolen" name and trademarks for territories outside of the United States and Canada. Truly Nolen International began offering franchises in June 1989. It has never offered franchises in any other lines of business. As of the date of this Disclosure Document, Truly Nolen International has a total of 240 Truly Nolen offices operating in 65 countries. TNAI and Truly Nolen International operate as completely separate companies although they have some common owners. Truly Nolen International currently has its principal place of business at 1800 33rd Street Ste. 200, Orlando FL 32839.

Our agents for service of process are attached as Exhibit A to this Disclosure Document.

Truly Nolen Businesses

We offer and grant qualified candidates the opportunity to develop and operate one or more franchised Truly Nolen Businesses. Among the distinguishing characteristics of a Truly Nolen Business are that it operates under our "Truly Nolen" system. The services provided under the system include "**General Pest Services**," which are general pest control services for residential, governmental and commercial structures, and general pest inspection and advisor services; "**Termite Services**," which are structural termite control and repair services, and termite inspection and advisor services; "**Grounds Services**," which are lawn and ornamental pest control and weed control services; and "**Specialty Services**," which are pest control services for pests that are only located in certain regions of the United States, as well as other services we may periodically authorize, such as sanitation and disinfectant services. General Pest Services, Termite Services, Grounds Services and Specialty Services are sometimes referred to collectively in this disclosure document as the "**Services**" or "**Truly Nolen Services**." Our System includes (among other things): the Services and related products; professional image and high customer service standards; confidential and proprietary information and trade secrets; distinctive images, designs, business formats, training methods, procedures, and specifications; uniform standards, specifications, and procedures for operations; procedures for management; software; training and assistance; and advertising and promotional programs, all of which we may periodically modify and update (together, the "**System**").

The Services you are authorized and obligated to perform and sell through your Franchised Business are all, but only, those designated in the Franchise Agreement (defined below). By way of example, if only one type of Service is designated, you must sell and provide only that Service, and you may not sell or provide the other three types of Services; if only two types of Services are designated, you must sell and provide them both, and you may not sell or provide the other two types of Services; if only three types of Services are designated, you must sell and provide all three, and you may not sell or provide the other type of Service; if all four types of Services are designated, you must sell and provide all four.

Truly Nolen Businesses operate using our "**Proprietary Marks**" (including the trademark "Truly Nolen" and certain other trademarks, service marks, trade names, logos and commercial symbols that we may periodically designate).

A new franchisee will enter into a franchise agreement with us (the "**Franchise Agreement**") that sets out your rights and obligations in the operation of the Truly Nolen Business (or the "**Franchised Business**") and the use of the Proprietary Marks and System. Our current form of Franchise Agreement is attached to this disclosure document as Exhibit C. Each Franchise Agreement will be between you and us and, in most circumstances, each of your owners will guarantee your obligations to us.

Under the Franchise Agreement, you will have the right and obligation to offer one or more or all of the Services within a geographical area designated in your Franchise Agreement (the "**Protected Territory**"). You may elect to offer any one, two, three, or all four of the Services noted above. You must actually provide each of the types of Services that you elect. The initial franchise fee is the same regardless of how many types of Services you elect to offer. Please note that there may not be a Specialty Service in your area.

You must establish and operate your Truly Nolen pest control business from a formal office, in a location other than your personal residence, within two years after you sign the Franchise Agreement. If you are in good standing, you may, at your option, open additional offices within your Protected Territory without paying an additional franchise fee. The location of each office is subject to our prior written approval.

If you do not already own or are buying an existing business, or are an employee of ours and have completed the currently required training programs, your franchise will be a "start-up" franchise and you will have to develop your own business. If you have an existing pest control business, or buy one from a third party and convert it to a Truly Nolen Business, your franchise will be a "conversion" franchise. If you are an employee of ours, you will need to build your business from “start-up” status even if you have the advantage of having the training previously provided as an employee.

If you buy an existing business from us, you will also be considered a "conversion" franchise, but you will pay full royalties on all your sales. You will enter into an Asset Purchase and Sale Agreement, which is Exhibit D to this Disclosure Document, to purchase a business from us.

Market and Competition

The market for your services will be home and business owners and private and governmental institutions (where government agencies contract out work rather than doing it themselves). Your competitors will include other well-established, licensed and unlicensed pest control businesses (national, independent and franchised), many of which may have long operating histories in your local area and greater financial resources or support than you have. Some competitors may be pest control businesses not affiliated in any way with TNAI, but operated by other members of the Nolen family who also use the Nolen name. Your competition will also include general use products sold to the public for nonprofessional use.

Industry Specific Laws

Pest control is a highly regulated business. On the federal level, the Environmental Protection Agency registers pesticides. This registration may be "restricted." If a pesticide is registered as "restricted," then a "certification" must be obtained to buy, possess, store or use the restricted material. Some states may require a state "certification" to apply any pesticide. In addition, the Federal Insecticide Fungicide and Rodenticide Act, 7 U.S.C. Sec.136, regulates pest control services. The federal Department of Transportation, and equivalent state agencies, regulates the transportation of chemicals, especially fumigants. These laws may require a commercial driver's license, and public liability insurance with a hazardous materials endorsement.

Most states provide certification testing and require state licensing of a pest control business and of the manager and applicators for the business. Experience is required to obtain a license. Licensing usually involves written tests, and often prerequisite course work, as well as documented experience. All states require continuing education and periodic license renewals. Minimum general commercial liability insurance for the business is typically required, often with a pesticide and inspection endorsement, and licensees usually must also post bonds. You may elect to hire a licensed individual to manage your franchised business. Any manager is subject to our prior approval before beginning work for you.

Federal law also sets standards for the labeling and use of pesticides. Federal, state and local laws, including zoning laws, also regulate the requirements for storing and disposing of pesticides, and the records that must be maintained regarding usage. Many states and local governments have “sensitive person” registry laws requiring advance notice to registered persons before applying pesticides in their area. In addition, every state, and many local governments, require the posting or delivery of written notices of pesticide usage, and in some cases such notices must be signed by the recipients.

Products used within the pest control industry may also require licensing and training from the respective product suppliers.

Your Truly Nolen Business will also be subject to all of the federal, state and local laws that apply to businesses generally, including minimum-age and minimum wage laws, the Fair Labor Standards Act, general occupational and safety laws, and the Americans with Disabilities Act.

State and local laws vary. You are responsible for finding out the requirements of the federal, state and local laws and licensing requirements that will apply to you, and you must comply with all of them at all times.

ITEM 2
BUSINESS EXPERIENCE

Member of the Board of Directors and President: Scarlett Nolen-Jallad

Scarlet Nolen-Jallad joined TNAI in January 2012 as Manager Trainee. In January 2013, she opened and managed the Lake Mary, Florida Truly Nolen Business. In 2014, she became TNAI's District Manager of the development district. In March 2018, she was elected to be a Member of TNAI's Board of Directors. In March 2019, Scarlett was named President of TNAI.

Member of the Board of Directors and Consultant: Jose Lutz

Jose Lutz joined TNAI in 1995 as an Executive Assistant and quickly transitioned to his current role as Consultant to the President. He became a Member of the Board of Directors for TNAI in 2000. Since 1987, Jose has served as the Secretary of TNAI's affiliate, Truly Nolen International.

Member of the Board of Directors, Secretary and Director of Operational Administrative Support: Michelle Nolen Senner

Michelle Nolen Senner joined TNAI in 2001 as the Pest Pac Project Manager. In 2003, she was named TNAI's Secretary. Ms. Senner was our Director of Marketing from April 2009 to February 2017. In April 2014, she was named a Member of the Board of Directors. In February 2017, Ms. Senner became our Director of Public Relations. In June 2019, she became the Director of Operational Administrative Support.

Chief Financial Officer and Treasurer: Matthew Wild

Matthew Wild served as our Director of Finance and Business Strategy from July 2013 to March 2019. He was our Interim Director of Domestic Franchising from July 2013 until August 2016. In March 2019, he was named the Chief Financial Officer and, in February 2021, he was also named as Treasurer. He was CEO of Movement for Life, LLC in San Luis Obispo, California from December 2003 to February 2013.

Chief Operating Officer: Justin Bellet

Justin Bellet joined TNAI in 2000 and held various roles following that including branch manager in Florida, District Manager of Southern Arizona, and District Manager of Texas and New Mexico. He was our Florida and Texas Regional Manager from June 2007 to January 2009, our Vice President of Eastern Region Operations from January 2009 to October 2013, and our Vice President of Operations from October 2013 to April 2019. In April 2019, Justin was promoted to Chief Operating Officer.

Vice President of Commercial Operations: Christopher Maher

Chris Maher joined TNAI in 1982 and served in various operations positions, including sales inspector,

branch manager, district manager, and regional manager. He was our Vice President of Eastern Region 006 Operations from 1999 to May 2006, our Executive Vice President from May 2006 to January 2008, and our Vice President of Operations from January 2008 to November 2009. Chris became our Vice President of Commercial Operations in November 2009.

Director of Sales & Marketing: Gregory Bohne

Greg Bohne joined TNAI in August 2013 as a Manager Trainee. From December 2013 to October 2015, he served as a branch manager for TNAI in two different Tucson, Arizona-based offices. In October 2015, he became TNAI's Franchise Support Manager and, in August 2016, became the Director of Domestic Franchise. In August 2018, he became the Director of Sales & Marketing.

Director of Domestic Franchise: M Lance Washington

Lance Washington joined TNAI in October 1998 as a service technician and has held several different operational based positions, including service manager, branch manager, and district manager. From December 2014 to June 2017, he served as a district manager in Florida. He also, at times concurrently with his district manager position, served as a branch manager from November 2015 to September 2018. In December 2018, he was named the Director of Domestic Franchise.

Franchise Administrator: Kimberly Socia

Kim Socia joined TNAI in 1999 as a customer service representative. She served as TNAI's Call Center Manager from January 2006 to December 2008. In December 2008, Ms. Socia became TNAI's Executive Assistant to the VP of Western Region and the VP of Commercial Operations. Since October 2011, while still serving in the Executive Assistant role, she has also assumed the responsibilities of our Franchise Administrator.

Franchise Development Representative: William McDole

Bill McDole joined TNAI in 1981 and served in many operational based positions, including sales inspector, branch manager, and district manager. He became our Eastern Region Sales Trainer in July 2011 and our Franchise Development Representative in January 2012.

Franchise Development Representative: Scott Loveridge

Scott Loveridge joined TNAI in June 2013 as a pest control service technician in Arizona. He was a Territory Developer from June 2017 to June 2020, and a Service Coordinator from June 2020 to June 2021. In June 2021, Scott became our Franchise Development Representative.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

If you are approved to enter into a Franchise Agreement, then when you sign the Franchise Agreement, you will have to pay an initial franchise fee to us. The amount of the initial franchise fee will be calculated at the rate of $35,000 for a territory with 300,000 residents, based on the most recent U.S. Census data. We do not typically grant territories with less than 300,000 residents. For territories with more than 300,000 residents, the initial franchise fee will be $35,000 plus 60% of $35,000 for each additional 300,000 residents, calculated pro rata by resident. So, for example, if you were granted a territory with 450,000 residents, your initial franchise fee would be $45,500.

For "rural" territories where there are fewer than 300,000 residents within a 30-mile radius, we will pro rate, by resident, your initial franchise fee based on the reduced number of residents, with a maximum pro rata discount of $8,750 (resulting in a minimum initial franchise fee of $26,250 for rural territories). If you receive a reduced initial franchise fee due to a rural territory, you cannot receive any other discounts on the initial franchise fee.

It is also our current policy to offer a reduced initial franchise fee for you (the "**Reduced Fee**") if you are: (a) establishing a "conversion" business by converting an existing pest control business, (b) buying an existing pest control business from a third party and converting it to a Truly Nolen Business, (c) an employee of ours or our affiliates during the previous three years, (d) an employee of an active Truly Nolen Business franchisee during the previous three years, or (e) an existing Truly Nolen Business franchisee and are either (i) entering into your 2nd or additional franchise agreement with us, or (ii) adding an additional, but not full, territory to your current franchise agreement with us. The Reduced Fee is calculated at the rate of $26,250 for each 300,000 residents located in the territory, and is otherwise calculated in the same manner, pro rata by resident, for larger territories, as described above. So, for example, if you were granted a territory with 450,000 residents, the Reduced Fee for that territory would be $34,125. We may at any time and for any reason cease offering the Reduced Fee to those franchisees who would otherwise qualify.

You may elect to offer one, or any combination, or all of the four types of Services which we offer under the System. The initial franchise fee is the same regardless of how many types of Services you elect for your Truly Nolen Business.

You must pay the entire amount of your initial franchise fee when you sign the Franchise Agreement. The initial franchise fee is not refundable under any circumstances. All initial payments are uniform and payable to us, not to any affiliate.

Special Pricing – Active Duty Veterans and First Responders

If you are an active or recent (within 8 years) military veteran of the US Armed forces, or an active or recent (within 8 years) firefighter, police officer, EMT or paramedic, in recognition to your training and experience, we may offer to you the same Reduced Fee as noted above.

Purchases of Equipment and Supplies

You will also incur certain additional expenses before you open your Truly Nolen Business. Regardless of whether you are a "start-up" or a "conversion" business, you must obtain and outfit at least one "mouse car" for marketing purposes and one service truck, or an approved combination vehicle, prior to opening your franchise. All vehicles must be painted Truly Nolen yellow and decal designs must be approved in writing by us in advance of use. The "mouse parts" package and all

vehicle decals are available only from us. If you will establish a "start-up" business, you must also acquire all necessary application equipment. The total cost of the "mouse parts" package and vehicle decals for one vehicle is approximately $1,300, is non-refundable, and may vary depending on current production rates and approved vehicle design.

* * *

There are no other payments to or purchases from us or our affiliates that you must make before you begin operating your Franchised Business. Unless otherwise indicated, all initial payments to us are uniform and are non-refundable.

ITEM 6
OTHER FEES

Type Of Fee	Amount	When Due	Remarks
Royalty Fee (Note 1, Note 2)	From 7% to 4% of Gross Sales, depending on the annual Gross Sales of the Franchised Business. There is also a monthly Minimum Royalty Fee of between $400 to $800. See Note 2	By the 10th day of every month for the preceding calendar month	See Note 2 for the definition of "Gross Sales."
Real Estate Lease Payments	As negotiated	Payable on the 1st day of each month	Payable to us only if you purchase an existing Truly Nolen Business from us and lease the premises from us; otherwise payable to third party lessor.
Area Advertising Program Assessments	Up to 2% of your Gross Sales	Payable monthly on the 10th day of the next month, or as otherwise required by the Area Advertising Program	You will only be required to contribute to an Area Advertising Program if you share a geographic market area with another Truly Nolen franchisee or company-owned Truly Nolen Business office and we implement an Area Advertising Program for your area. See Item 11.
National Account Sales & Administrative Fees	Then current rates, which are 25% of the service rates you render to National Account customers	Monthly	We bill National Account customers and remit payment for your services to you from the funds collected, less our sales and administrative fees for obtaining and managing such customer accounts. We may also deduct any collection expenses.

Type Of Fee	Amount	When Due	Remarks
Corporate Support Fee	$35 an hour	As incurred	This is the fee if you request, and we are able to provide, corporate support in addition to that which is provided to you without additional charge under the Franchise Agreement. "**Corporate Support**" is assistance that you request from us outside of our franchise division or national commercial division, such as assistance with marketing, technology, or CSM administration that may be provided to you in any form or manner (including by telephone, email or in-person).
Call Center Fee	Then current rates (currently $15 an hour)	Monthly	If you elect to use our call center, you will pay the current rates.
Additional Initial Training Attendees	No fee paid to us for up to two individuals attending our training program. $500 per person for additional trainees. Costs and expenses of attending training.	As incurred	We do not charge a training fee for two individuals to attend our initial training program. You may send up to two individuals to each. If you send more than two individuals, you must pay us a training fee for each additional individual. You will bear the cost of any wages, benefits, travel, lodging and meal expenses incurred by you and your attendees during initial training

Type Of Fee	Amount	When Due	Remarks
Additional Training	$500 per day.	As incurred	You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training programs. If we are able to do so, you must pay this fee as well as our out-of-pocket expenses. Additionally, if we determine that you are not operating the Franchised Business according to our standards and you are in default of the Franchise Agreement, we may require you and/or your employees to complete additional training at the Franchised Business or a location that we designate, at your expense, which include our then-current per diem training charges and our out-of-pocket expenses for any training conducted at your Franchised Business.
New Product or Supplier Evaluation Charges	Our costs associated with evaluating the proposed product or supplier	On demand	Reimbursement of our actual costs for investigation, testing and analysis of new products or suppliers you request we approve
Renewal Fee (Note 3)	$5,000	At time of renewal	The renewal fee is reduced in certain circumstances. See Note 3.
Transfer Fee	$3,000	At time of transfer	
Interest	1.5% per month or the highest applicable rate, whichever is less	On demand	Payable on any amounts owed to us or our affiliates that is overdue
Audit Fees	Cost of audit plus interest on underpayment.	On demand	If an audit is required due to your failure to provide reports, or if an audit reveals an understatement of any amount by 2% or more, you must pay any understated amount to us plus interest, and you must reimburse the costs of the audit. We retain our other rights under the Franchise Agreement and applicable law, including the right to terminate your Franchise Agreement

Type Of Fee	Amount	When Due	Remarks
Indemnification	Will vary under circumstances	When incurred	You must defend, indemnify and hold us and our affiliates and various other parties harmless from all losses, damages, liability, costs and expenses etc. of any kind arising in whole or in part from the operation of your Business or any violation of your Franchise Agreement with us.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	You must reimburse us for our costs in enforcing the terms of your Franchise Agreement with us
Insurance Administrative Fee	Will vary under circumstances	As incurred	If you do not procure or maintain the required insurance, we have the right to procure such insurance on your behalf and to charge the premiums to you, along with a reasonable fee for our expenses in so acting ($500/day, pro-rated for the time we spend to procure such insurance for you), plus attorneys' fees if applicable.
Convention and Meeting Absence Fee (Note 4)	$300 for each convention missed, and $100 for each meeting missed. (Note 4)	As incurred	At least one individual representing the Franchised Business (whether the Controlling Owner, Certified Manager, or other employee of the Franchised Business) must attend each convention and meeting. You must pay this fee if you fail to send at least one representative to a convention or to 75% of the monthly meetings. See Note 4.

Notes to Item 6 chart:

Note 1: All fees are uniformly applied to new system franchisees and are non-refundable. However, in instances in which it was appropriate to do so, we have waived some or all of these fees for particular franchisees.

Note 2: The "**Royalty Fee**" is calculated as follows:

Annual Gross Sales of the Franchised Business	Percent of Gross Sales as Royalty Fee
$0 to $149,999	Seven percent (7%)
$150,000 to $299,999	Six and one-half percent (6.5%)
$300,000 to $449,999	Six percent (6%)
$450,000 to $599,999	Five and one-half percent (5.5%)
$600,000 to $749,999	Five percent (5%)

$750,000 to $999,999	Four and one-half percent (4.5%)
$1,000,000 or more	Four percent (4%)

Once your Gross Sales qualify you, during a given year, for a reduced Royalty Fee, your Gross Sales will be evaluated every three months to ensure that your Gross Sales are on track to remain within that tier range. Average Gross Sales for the prior three-month period will be evaluated and compared to the prior year's reported Gross Sales for the same period for purposes of determining if you are performing at the same level. To maintain the Royalty Fee reduction, you must, at minimum, maintain 0% growth or better for the evaluated three-month period. If negative growth in Gross Sales is determined and we reasonably believe that this negative growth in Gross Sales will cause you to fall below the annual threshold level, we reserve the right to adjust your Reduced Royalty to the appropriate threshold level.

The "**Minimum Royalty Fee**" is:

Number of Months After the Effective Date of the Franchise Agreement	**Monthly Minimum Royalty Fee**
1 to 12	$400
13 to 24	$500
25 to 36	$600
37 to 48	$700
49 and each additional (including any renewal terms)	$800

"**Gross Sales**" means all revenue from the sale of all Services and products and all other income of every kind and nature related to, derived from, or originating from the Franchised Business (whether or not permitted under this Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. Gross Sales excludes: (a) any legitimate and reasonable discounts and/or refunds that you provide to participants; and (b) sales taxes or other taxes that you collect from your participants and actually pay to the appropriate taxing authorities.

Your Gross Sales must increase a minimum of five percent during each year of operation of your Franchised Business, following the first year of operation. You agree this is a reasonable sales goal.

Note 3: The renewal fee will be reduced in the following circumstances, if your annual gross revenue in the 12 months before renewal was: (a) $250,000 or more, the renewal fee is reduced by $1,000 (so $4,000 total), (b) $500,000 or more, the renewal fee is reduced by $2,000 (so $3,000 total), (c) $750,000 or more, the renewal fee is reduced by $3,000 (so $2,000 total), and (d) $1,000,000 or more, the renewal fee is reduced by $4,000 (so $1,000 total).

Note 4: If you fail to send at least one representative to an annual convention, you must pay us a fee of $300 for each convention missed, which fee will be payable to us at the time your Royalty Fee is due in the month following the convention. If you fail to send at least one representative to at least 75% of the monthly meetings held during a calendar year (pro rated for franchisees that begin operations during the year), you must pay us a fee of $100 for each meeting missed, which fee will be payable to us at the time your December Royalty Fee is due in January of the year following the applicable year.

ITEM 7
ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Note	Amount		Method of Payment	When Due	To Whom Payment is Due
		Low	High			
Initial franchise fee	1,2	$26,250	$45,500	Lump sum	At signing of Franchise Agreement	TNAI
Travel and living expenses while training	3	$1,500	$5,000	Lump sum	As incurred	Transportation provider, hotels, and/or restaurants
Real estate, including lease and improvements	4	$0	$3,200	Lump sum	Usually monthly	Seller, landlord, or TNAI
Utilities, including deposits	5	$250	$1,000	Lump sum	Usually monthly	Utility provider
Signage, including vehicle decals	6	$2,500	$5,000	Lump sum	As incurred	Vendor and/or TNAI
Equipment, including computers	7	$3,500	$5,000	Lump sum	As incurred	Vendor and/or TNAI
Vehicle lease	8	$2,205	$4,410	Lump sum	Usually monthly	Vendor
Initial inventory and supplies	9	$1,000	$5,000	Lump sum	As incurred	Vendor
Uniforms	10	$250	$500	Lump sum	As incurred	Vendor
Insurance	11	$500	$4,000	Lump sum	Usually semi-annually	Vendor
Professional services	12	$1,000	$5,000	Lump sum	As incurred	Attorney and/or accountant
Licenses and permits	13	$500	$3,000	Lump sum	As incurred	Governmental authorities
Advertising	14	$750	$5,000	Lump sum	Usually monthly	Media vendors and/or TNAI
Customer service software subscription	15	$177	$477	Lump sum	Usually monthly	Software vendor
Accounting software subscription	16	$39	$120	Lump sum	Usually monthly	Software vendor
Additional operating funds for 3 months	17	$10,000	$30,000	Lump sum	As incurred	Various payees
Estimated Totals*	**18**	**$50,421**	**$122,207**			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable and the initial franchise fee is partially refundable in certain circumstances (see Item 5).

* Your estimated initial investment before you begin operating your Truly Nolen Business and for your first three months of operations are shown in this Item 7. The amounts will be different depending on whether you are a "start-up" franchise because you either do not own or buy an existing business and whether you have an existing pest control business, or buy one from a third party and convert it to a Truly Nolen Business or if you must hire a person to qualify your company to operate. This estimate does not include the purchase price to acquire an existing business from a third party or to acquire an existing company-owned Truly Nolen Business from us. The estimate also does not include the cost to purchase any customer accounts located in your territory and previously serviced by other franchisees or our company-owned Truly Nolen Businesses.

Notes:

1. The initial fee estimate is based, on the low end, on minimum population of 300,000 with an applied discount and, at the high end, on a population of 450,000 without any applied discounts. Most territories sold fall within this population range. This estimate does not include the purchase price to acquire an existing business from a third party or to acquire an existing company-owned Truly Nolen Business from us.

2. We only offer financing, at our sole discretion, to qualified franchisees for the initial franchisee fee and do not provide financing for any of the other fees or expenses described in this chart. If you wish to finance these items, you must seek financing from third parties.

3. Field training is typically conducted either at an approved company-owned Truly Nolen Business or at a certified, approved franchised Truly Nolen Business. You will also be required to spend between 8-40 hours observing one or more operational company-owned Truly Nolen Businesses. Transportation costs cannot be easily estimated and may vary significantly depending on advance scheduling, your location, the training location, consumer demand, etc. This estimate also includes food and lodging for one person for initial training for approximately three weeks. No estimate is included for car rentals or other personal expenses. The estimates should be increased if more than one person will be attending training.

4. If you will be converting an existing pest control business to a Truly Nolen Business, it is unlikely that you will need to acquire different or larger space.

   Having office space is recommended, but not required until you meet certain criteria. Once you meet the criteria, you must establish and operate your franchised Truly Nolen Business from a formal office, in a location other than your personal residence. This is a mobile business – i.e., you go to the customers. Office space is used for marketing exposure, telephone service, storage, meetings, and interviewing personnel. Pesticide storage in some jurisdictions can be difficult, and you must check your local zoning laws. Truly Nolen offices typically have 400 to 1,500 square feet of space and are located on street fronts, in strip malls, or in small office complexes. **Rent can vary significantly depending on factors such as size, condition, location of the property, local market conditions and tax rates.** Based on Arizona rates, we estimate that rent may range from $300 to $3,200 per month. Individual cases vary widely. We included the $3,200 monthly amount as the “high” amount in the chart of your estimated initial investment. Real estate expenses are not refundable. As pest control is done at the customer’s property, there are seldom any tenant improvements needed for office space you acquire. However, you may have to bring your office up to code and make certain enhancements for safety.

If you are buying an existing company-owned Truly Nolen Business with office space owned or leased by us, you must enter into a lease with us for the office space and pay us the rent and other payments called for under the lease. A copy of the form of lease is attached as Exhibit F to this Disclosure Document.

5. Existing businesses will not have any additional deposits. If you are purchasing an existing company-owned Truly Nolen Business, you must replace our deposits with yours. The amount required for utility deposits can vary greatly depending on location. In the case of a start-up, you should verify what your actual deposits will be. Deposits may or may not be refundable, depending upon the policy of the utility company.

6. All building, office and vehicles signs must conform to our specifications. If you have an existing business that you are converting to a Truly Nolen Business, you must change your signs. However, if changing your signs would cause you to lose a valuable zoning variance for your existing signs, or if state zoning or other pest control regulations require that you maintain your existing signs, we will work with you to develop a reasonable resolution. Local sign codes and the design and condition of your existing signs will greatly affect the cost. These estimates assume non-neon, monument type Plexiglas signs. You must purchase all vehicle decals, including “mouse parts” and truck signs, from us. All other signage may be purchased from our in-house sign production facility or from an approved third-party supplier.

7. Equipment is available from suppliers throughout the country. We or our affiliates may have excess or used equipment available from time to time. We recommend you research your local suppliers. Certain, specialized equipment, such as the “Hartley Duster,” may only be available for purchase through us. Equipment expenses are not refundable.

   The estimated costs for computer hardware (if you do not already have a computer system) is approximately $1,000 to $3,500. You will need to be connected to the Internet to use this software, and access to the Internet can cost from $30 to $75 depending upon your location and service providers. We estimate the cost of computer repairs, upgrades, replacement and maintenance to be $1,000 to $6,000 annually. These fees are included in the estimated operating funds. See more detailed information under the caption "Computer System" in Item 11.

8. Regardless of whether you are a “start-up” or a conversion business, you must obtain and outfit at least one “mouse car” for marketing purposes and one service truck, or an approved combination vehicle, prior to opening your franchise. Existing businesses will already have vehicles, but all franchisees must paint the vehicles Truly Nolen yellow, add "mouse parts", and apply specified decals. All vehicle designs must be approved in writing by us in advance of use within your territory. Vehicles can be new or used, and acquired for cash, financed through third parties, or leased. The number of vehicles you will need will depend upon a number of factors, including the types of services you will offer and the size of the area you will be servicing. “Mouse parts” and all vehicle decals must be purchased through us.

   The estimate is for three months of lease payments on one combination vehicle, on the low end, and two combination vehicles on the high end. The lease cost, if done through one of Truly Nolen’s approved vendors, usually includes decals and any “upfit” costs. The combination vehicle is currently the most popular choice of start-up franchises.

9. We do not require you to use products that are not regularly used within the pest control industry. All pesticides must be purchased from recognized suppliers or otherwise submitted to us for approval. The estimate for a start-up business covers quantities for general residential pest and termite work for three months. If you are purchasing a company-owned Truly Nolen Business, the existing inventory will be factored into the selling price. We sell only limited items in inventory to franchisees except in connection with the sale of an existing Truly Nolen Business. We do, however, encourage you to refrain from using chemicals that have potentially negative public images. Payments for inventory, including pesticides, are not refundable. This estimate also includes general business supplies, such as paper products.

10. This estimate, on the low end, is for five uniform shirts and, on the high end, for ten uniform shirts. All uniform shirts should be in an approved color and embroidered with the approved Truly Nolen logo.

11. This estimate is for a small to medium size start-up business. The costs for a conversion business will vary depending on the size of the existing business and its history. The rates paid by us for a particular Truly Nolen Business will probably be lower than you will have to pay because of the number of businesses we have. Check with your insurance broker. If you are converting an existing or purchased company you will know your rates.

    You must have $1,000,000 comprehensive extended coverage commercial general liability insurance if you will be offering termite control programs and inspections, $300,000 if offering general pest control, specialty pest control, and/or lawn services, with a Pesticide and Herbicide Applicators endorsement (if applicable for the types of services you will be offering), and covering contractual liability and products liability. You must also have commercial automobile insurance with coverage for $500,000 property damage and $1,000,000 bodily injury; statutory workers' compensation insurance for at least $500,000; and all other insurance required by law in your jurisdiction. See Section 15 of the Franchise Agreement. If you are an existing business you may already have this insurance at these amounts and therefore not have an additional opening expense for insurance.

12. We strongly recommend that you use professional legal and accounting advisors to help you purchase your franchise and any existing business you buy. If you are a start-up business, you may need to form a corporation or other business entity. Your costs for these services will vary depending upon many factors include rates charged by the firms you employ and the amount of work you decide they do.

13. If you are an existing company, you will need to amend your licenses to reflect the Truly Nolen DBA. If you are purchasing an existing company-owned Truly Nolen Business, or starting your own business, you must acquire your own licenses. You will be hiring staff who must become licensed or be licensed. These estimates do not include these expenses.

14. The cost of advertising will vary depending on the media you select, your market area, target demographic, and the size/frequency of the ads. Typically, franchisees use a combination of direct mail, online referral services, social media, pay-per-call/click, online keyword, and print, such as door hangers, during the initial opening period. See Item 11 under the heading "Advertising." We have estimated what you can expect to spend on advertising in your territory during the initial opening period. This does not include any area advertising fund contributions, if applicable to your

territory. During the opening period and annually you will prepare and submit to us an annual marketing plan. We strongly encourage you to develop a plan for your local area.

15. You must purchase a subscription with an approved third party vendor to access software hosted by the software provider. The current charges range from $59 to $200 per license depending on the software chosen and add-on options.

16. It is highly recommended that you purchase a subscription to QuickBooks. The estimate provided is for a base level subscription for three months, on the low end, and an upgraded subscription, on the high end.

17. The estimate for additional operating funds includes funds required to cover operating shortfalls and cash flow shortages during your first three months of business. The estimate does not take into account any salary for you. No rent or real estate mortgage payments are considered. See Note 4 above. No debt service is included for any financing you may obtain.

18. This is only an estimate of the range of initial start-up expenses you may incur. We have prepared these estimates based on our company-owned Truly Nolen Business experience. Your expenses will almost certainly differ from ours. You should review the estimates in this Item 7 carefully with a business advisor and develop a business plan and projections based on your own investigation of your anticipated expenses before making any decision to purchase the franchise.

    You must have additional funds available, in cash, or through a line of credit, or other assets which you can liquidate or borrow against, to cover your operating expenses and any losses you incur during the start-up and development stage of your business, and any future contingencies. The actual amount of additional funds you will need depends on a variety of factors, including the location of your business, whether you extend credit to your customers, the time of year when you start your business, your management skills, general economic conditions, competition in your area, and other factors.

    These estimates do not include: purchase price to acquire an existing business, debt service, your salary or, in the case of an existing “conversion” business, the costs of existing employees.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

While your Franchised Business will focus on the provision of Services, you will also offer certain approved products from your Franchised Business. To insure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we may periodically prescribe in the Manual or otherwise in writing.

At all times during the term of the Franchise Agreement, you must:

- sell or offer for sale only the Services, items, and products that we have approved, using only the materials, equipment and techniques that we have approved for you to offer at your Franchised Business;
- sell or offer for sale all the Services and products, employing the techniques that we specify;

- not deviate from our standards and specifications, including manner of maintenance of your equipment and products; and
- stop using and offering any services, products or equipment that we disapprove.

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

You must buy all chemicals, pesticides, application equipment, supplies, clothing with the Truly Nolen Marks, and other products and materials required for the operation of your Franchised Business only from suppliers as to whom we have given you our prior written approval (and that we have not later disapproved). When considering whether to approve any particular possible supplier, we will consider (among others) the following factors: whether the supplier can show, to our reasonable satisfaction, the ability to meet our then-current standards and specifications; whether the supplier has adequate quality controls and capacity to supply the System's needs promptly and reliably; and whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies. You may not buy items from any supplier that we have not yet approved in writing, and you must stop buying items from any supplier who we approve, but later disapprove. As explained above, we have the right to designate only one supplier for certain items (which supplier may be us or one of our affiliates). We (or our affiliates) may derive revenue from your purchases of products or other items.

We may require that certain items that you offer at your Franchised Business be produced in accordance with our proprietary standards and specifications (and/or those of our affiliates) (our "Proprietary Items"). We may also require that you purchase and offer branded non-proprietary private-label products at your Franchised Business. In order to maintain the high standards of quality and uniformity associated with Proprietary Items, and other products bearing the Proprietary Marks, you must purchase those Proprietary Items and products, as well as any packaging bearing the Proprietary Marks (and any other products we may now or in the future designate), only from us, our affiliates, and/or our approved suppliers, and not to offer or sell any other such products at or from your Franchised Business.

If you want to buy any products (other than the Proprietary Items), or any other items from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approved in writing the proposed new supplier. Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable time and cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers. We reserve the right, at our option, to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria.

We estimate that we will be able to notify you of our approval or disapproval of a proposed new supplier within 30 business days after receipt of your written request and any additional information that we may request about the proposed supplier, although the Franchise Agreement does not specify how long our evaluation process may take. This is only an estimate and the actual approval time may be shorter or longer than 30 days.

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval as to those items.

You must allow us or our agents, at any reasonable time, to inspect products and equipment and to remove samples of items or products, without payment, in amounts reasonably necessary for inspection or testing by us or a third party to determine whether those samples meet our then-current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Franchised Business fails to conform to our specifications.

We are currently the sole supplier and only approved supplier of vehicle decals, “mouse parts” and truck signs. Other than these items, neither we nor our affiliates are the sole suppliers of any categories of products or services that you must purchase to establish or operate your Truly Nolen Business. None of TNAI’s officers own an interest in any suppliers of items to you.

We produce certain supplies, brochures and vehicle decals with the “Truly Nolen” logo, and "mouse parts" for "mouse cars” and service trucks. You have the option of purchasing other supplies and brochures from us, our affiliates, or from approved third parties. Any items, such as marketing items, created independently of us must be approved by us in advance of use. Prices charged by us may be less or more than affiliate or third-party prices, and you will be responsible for shipping charges. Some preprinted materials in our inventory may not be usable in your local area. In some instances and if feasible, these materials may be customized to work within your area and provided electronically to you. You would be responsible for any associated printing and shipping charges.

You also have the option of purchasing service trucks, "mouse cars" and application equipment from us or from approved third parties. You also have the option of leasing service trucks and “mouse cars” through authorized third party providers. All vehicles must be painted Truly Nolen yellow and decal designs must be approved in writing by us in advance of use within your Protected Territory. You must obtain at least one “mouse car” and one service truck, or an approved combination vehicle, prior to opening your franchise. "Mouse cars" are cars with mouse ears, nose, whiskers and tail fastened to the car. "Mouse parts" for "mouse cars" and service trucks and all vehicle decals must be purchased from us. No particular style of car for your “mouse car” is required, but the car is subject to our prior approval. Optional equipment includes drywood termite treatment equipment, which is recommended if your location has a heavy termite presence. The total cost of all of these items ranges from approximately $500 to $60,000 depending on the type(s) of services you choose to offer, what you buy and its condition (new or used) and the quantities, and if you already have some or all of the required equipment and supplies.

Revenues from Sales to Franchisees

We had the following revenues from sales to franchisees:

Company	Types of Goods and Services Sold to Franchisees	Gross Sales from Sales to Franchisees	Total Gross Sales of Company	Revenues from Franchisee Sales as a Percent of Total Revenues
TNAI (Note 1)	Forms, Supplies, Brochures, Signs and Vehicles	$24,472.42	$122,426,728	.01999%

Note:

Based on the audited financial statements of TNAI for its fiscal year ended December 31, 2021.

Percentages of Franchisee Purchases

We estimate that the cost of the goods and services you will purchase from us, our affiliates and our approved suppliers, and in accordance with our specifications, will be approximately the following percentages of your total purchases in connection with the establishment of your Franchised Business and of your total annual purchases in connection with the on-going operation of your Franchised Business:

Estimated Percentages of Franchisee Purchases (Note 1)	Percent of Total Purchases in Connection with the Establishment of Your Franchised Business	Percent of Total Annual Purchases in Connection with the Ongoing Operation of Your Franchised Business
Required Purchases and Leases from us and our affiliates	3%	1%
Optional Purchases and Leases from us and our affiliates (Note 1)	15%	10%
Purchases and Leases from Approved Suppliers (Note 1)	20%	15%
Purchases and Leases in Accordance with our Specifications (Note 1)	5%	5%
Purchases in All Four Categories (Note 2)	43%	31%

Notes:

1. These percentages assume you will make optional purchases from us and our affiliate. To the extent you do not make such optional purchases, the percentage for optional purchases will be reduced and the percentages for purchases from approved suppliers and in accordance with our specifications will be increased accordingly.

2. These estimates assume you will be providing all four types of Truly Nolen Services. If you offer fewer than all four, your percentages of purchases subject to sourcing restrictions will vary significantly, and could be 70% or higher.

Purchasing or Distribution Cooperatives and Purchase Arrangements

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the Truly Nolen Businesses in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the franchised network of Truly Nolen Businesses.

Currently, there are no purchasing or distribution cooperatives in existence. There are no negotiated purchase arrangements in effect at this time.

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon your purchases of products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of products, equipment and other items. The amount of Allowances varies from supplier to supplier. We do not currently receive any Allowances from suppliers.

Computer System

You must buy (or lease) and maintain a computer system. More detailed information concerning the computer system can be found in Item 11 of this disclosure document under the heading "Computer Requirements." In general terms, you will be required to obtain a computer system that will consist of certain hardware and software items and peripheral devices (such as printers). Among other things, you will be required to meet our requirements concerning: (a) back office systems; (b) systems to store data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems; (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode. We may require you to sign a software license agreement in connection with your use of designated software.

Insurance

Under the Franchise Agreement, you must obtain and maintain at least the following insurance coverages:

- comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least $1,000,000 combined single limit for bodily injury and property damage if you are authorized to offer Termite Services and $300,000 if you are authorized to offer General Pest Services, Specialty Services or Grounds Services;

- Casualty insurance in a minimum amount equal to the replacement value of your interest in the Franchised Business premises, including furniture, fixtures and equipment;

- Comprehensive automobile liability coverage for both owned and non-owned vehicles with limits of not less than $500,000 for property damage and $1,000,000 for bodily injury;

- Workers' compensation insurance including occupational disease, employers liability insurance, and such other similar insurance as may be required by the state in which you operate, at statutory limits for workers' compensation and employer's liability, but in no event at less than $500,000;

- Disability insurance as required by applicable law; and

- any other insurance coverage that is required by federal, state, or municipal law.

Each insurance policy required under the Franchise Agreement must be primary and noncontributory and must be issued by an issuer we approve, who must have a rating of at least "A-" in the most recent *Key Rating Guide* published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and must be licensed to do business in the state in which the Franchised Business is located. All liability and property damage

policies must name us as additional insureds and must provide that each policy cannot be cancelled unless we are given thirty days' prior written notice.

We may periodically increase required coverage limits or require additional or different coverage to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances. You must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect. The requirements specified in the Franchise Agreement are only minimums and you are encouraged to review whether additional coverage may be appropriate in your market and for your business.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Item In Disclosure Document
A. Site selection and acquisition/lease	§ 1.2	Items 11 and 12
B. Pre-opening purchases/leases	§ 5.3	Items 7 and 8
C. Site development and other pre-opening requirements	§§ 3.2 and 5.1	Items 6, 7 and 11
D. Initial and ongoing training	§§ 3.1, 5.3, 6, and 16.5.8	Items 6 and 11
E. Opening	§ 3.2, 5.1 and 8.2	Item 11
F. Fees	§§ 2.2.6, 4, 13.1, 13.2, and 16.5.9	Items 5, 6 and 7
G Compliance with standards and policies/operating manual	§§ 3.3, 5, 8, and 10	Item 8
H. Trademarks and proprietary information	§§ 1.1 and 9	Items 13 and 14
I. Restriction on products/services offered	§§ 7.1, 7.2, and 8.4	Item 8 and 16
J. Warranty and customer service requirements	§ 8.3	Not applicable

Obligation	Section in Franchise Agreement	Item In Disclosure Document
K. Territorial development and sales quotas	§§ 1.3, 1.4 and 4.7	Item 12
L. Ongoing product service purchases	§ 7	Items 8 and 11
M. Maintenance, appearance, and remodeling requirements	§§ 2.2.2, 5, 8.6, 8.7, and 16.5.5	Items 6 and 17
N. Insurance	§ 15	Items 7 and 8
O. Advertising	§ 13	Items 6 and 11
P. Indemnification	§ 21.4 and Exhibit B	Item 6
Q. Owners participation / management / staffing	§§ 8.3, 8.9, and 19.1	Item 15
R. Records and reports	§§ 3.6, 4.2 and 12	Items 9 and 11
S. Inspections and audits	§§ 7.1.5, 8.4.3, 8.10, and 12	Item 6, 11 and 13
T. Transfer	§§ 8.9 and 16	Items 9 and 17
U. Renewal	§ 2.2	Item 17
V. Post-termination obligations	§ 18	Item 17
W. Non-compete agreements	§ 19	Item 17
X. Dispute resolution	§ 27	Item 17
Y. Taxes/permits	§§ 8.6 and 20	Item 1
Z. Other (personal guarantee)	Exhibit B	Not applicable

ITEM 10
FINANCING

We may, at our option, offer certain financing to prospective qualified franchisees. As part of the qualification process, you will be required, among other things, to submit to a background and credit check. If you qualify for financing, it may only be used for the initial franchise fee and/or the purchase of an existing company-owned Truly Nolen Businesses branch business. We will finance up to 25% of the total initial franchise fee. The loan must be repaid in equal monthly installments of principal and interest over a period of two years. Interest on the loan will be a fixed rate of simple annual interest equal to the prime rate most recently published in The Wall St. Journal plus 2%. For a loan made on

June 1, 2022, the annual rate of interest would have been 6%. The loan can be prepaid at any time, in whole or in part, without notice or penalty. (Promissory Note, page 1.)

If you have been operating your franchise for 24 months or longer and need to expand your franchise operation, we may, at our option, extend financing to you, provided that you qualify and are in good standing. You will be required to provide proof that the loan is being used to expand your operations in a substantial manner.

Each loan will be personally guaranteed by the individual owners of the franchise. (Guaranty, Exhibit B to the Franchise Agreement.) There are no other individuals who will be required to guaranty the promissory note. You will also be required to pledge your lease, leasehold improvements, motor vehicles, furnishings, fixtures, equipment, inventory and supplies, and all accounts receivable, cash proceeds and contract rights to secure the loan.

The Promissory Note and security interests are fully transferable by us. If you default on any payment due under the Promissory Note or otherwise breach any provisions of your agreements with us, the holder of your Promissory Note may accelerate the entire amount due, collect a delinquent charge of $50 for each late payment, take possession of and sell everything pledged to secure the loan, and also recover its attorneys' fees and costs in collecting what you owe. (Promissory Note, pages 1 and 2) In addition, we may terminate your Franchise Agreement. The Promissory Note contains waivers of notice and your rights under suretyship laws. (Promissory Note, page 2.)

If a default occurs under the note or under your Franchise Agreement, or if we determine in our reasonable judgment that your financial condition has become unsatisfactory, we can accelerate the entire amount due under the note, collect our costs and attorneys' fees, and terminate your Franchise Agreement if the note is not paid in full immediately. (Promissory Note.)

The note includes a waiver of notice. If the particular events of default listed in the note occur, we are not required to give you notice of the default before calling the note due under the acceleration clause. (Promissory Note.)

The notes are fully transferable. We have not sold notes in the past, and have no present intention to sell, assign or discount the note to a third party in the future, although we have the right to do so. If we sell or assign your note, we will remain fully obligated to you to perform all the services for which you gave the note and you retain all your defenses against us. As a result of the sale or assignment, however, you may not be able to assert your defenses against the party to whom the note was sold or assigned. In that case, you would have to assert your claims against us in a separate action. (Promissory Note.)

Except as described above, neither we nor any of our affiliates directly or indirectly offer any financing to franchisees.

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

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

Pre-Opening Obligations:

Before you open your Franchised Business under the Franchise Agreement:

(1) We will provide to you (or to your Controlling Owner (defined below)), as well as your Specially-Trained Management Personnel (defined below), our standard initial training

program at our headquarters or another location that we designate. We will make this training available for up to two individuals. You may send more, but at your own expense. (Training is also discussed below in this Item 11 under the subheading "Training.") *Franchise Agreement, Sections 3.1, 6.2.*

(2) We will provide such on site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Manual. *Franchise Agreement, Section 3.2.*

(3) We will provide you with access to, for the duration of the Franchise Agreement, one copy of the Manual (which is more fully described in Item 14 below). *Franchise Agreement, Section 3.3.*

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

Post-Opening Obligations:

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchised Business:

(1) We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. If, however, you request corporate assistance outside of our franchise division or national commercial division, such as assistance with marketing, technology, or CSM administration that may be provided to you in any form or manner (including by telephone, email or in-person) ("**Corporate Support**"), then you will be entitled to request, for no additional charge: (a) up to twenty five (25) hours of Corporate Support during the first three months following the date of the Franchise Agreement, and (b) five hours of Corporate Support each month thereafter for the remainder of the term of the Franchise Agreement. Corporate Support does not accumulate or rollover. If you request, and we are able to provide, Corporate Support in addition to that which is provided to you without additional charge in the preceding sentence, then we will do so at a rate of $35 for each hour that we provide such Corporate Support to you. *Franchise Agreement, Section 3.6.*

(2) We will review and have the right to approve or disapprove all marketing materials that you propose to use. *Franchise Agreement, Section 3.4.*

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Franchised Business.

Length of Time to Open

You are required to establish and operate your Truly Nolen Business from a formal office within your Protected Territory, in a location other than your personal residence, no later than the earlier of when: (a) the Franchised Business has two employees in addition to the Controlling Owner (defined below); (b) the Franchised Business' annual gross revenue exceeds $300,000 on an actual or annualized monthly basis, or (c) three years after you enter into the Franchise Agreement. Conversion Franchisees typically open their Truly Nolen Businesses within 45 days after they sign a Franchise Agreement. Franchisees starting up a new business typically open their Truly Nolen Businesses within 90 days. The factors that may affect this time are whether the Franchisee is converting an existing business; or in the case of a start-up, the ability to obtain a site and lease; delays in obtaining financing; the difficulty of obtaining licenses or hiring a professional manager who is licensed; zoning and local

ordinances; weather conditions; and shortages or delays for equipment, fixtures or signs. If you do not commence your Truly Nolen Business within the timeframes noted above, we may terminate your Franchise Agreement. Once you are required to establish an office, you must maintain the office for the remainder of the term (and any renewal term) of the Franchise Agreement. *Franchise Agreement, Section 1.2.*

Site Selection

The location of each office is subject to our prior written approval. You cannot open an office outside of your Protected Territory at any time. In evaluating a site, we consider location, traffic patterns, demographics, zoning and environmental laws, parking, size, layout, storage, visibility and lease terms. We will approve or disapprove of a location within 15 days after receiving all required information about the site from you. If we cannot agree on a site and you do not commence your Truly Nolen Business within 90 days after your Franchise Agreement is signed, we have the right to terminate your Franchise Agreement. However, we have never previously failed to agree with a franchisee on a site.

Training

Before opening your Franchised Business, you (or if you are an entity, your Controlling Owner) must attend and successfully complete, to our satisfaction, the initial training program we offer for Truly Nolen Business franchisees at our training locations in Orlando, Florida or Tucson, Arizona or another location that we specify (or online). You may send up to one additional individual (including the Specially Trained Management Personnel) to the initial management training program. If you ask to send more than two individuals to the initial management training program, you must pay us a training fee in the amount of $500 for each individual to be trained (so long as training for these individuals takes place simultaneously with the training we provide for the other two individuals), with payment to be made in full before training starts.

The term "**Specially-Trained Management Personnel**" means you (or the Controlling Owner) and any other individuals who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such performs in the Franchised Business.

We alone have the right to judge whether a person has successfully completed training. If you or your personnel fail to complete initial training to our satisfaction, you or they may repeat the course or may send a substitute to the next available scheduled training session; however, we will have no obligation to extend the opening deadline for the Franchised Business for this purpose, and we reserve the right to terminate the Franchise Agreement if your Controlling Owner and any other required personnel unable in our opinion to have successfully complete training. We have the right to charge you a training fee for repeated initial training.

Additionally, you may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program or the opening of the Franchised Business. If we are able to do so, then you must pay then-current per diem training fee as well as our out-of-pocket expenses.

If any of you (or the Controlling Owner) or other Specially-Trained Management Personnel cease active management or employment at the Franchised Business, then you must train a qualified replacement (who must be reasonably acceptable to us) not more than 30 days after the end of the former person's full-time employment or management responsibilities. The replacement must successfully complete the initial training program, to our reasonable satisfaction, as soon as it is practical to do so.

We may require that any or all of the Specially-Trained Management Personnel attend refresher courses, seminars, and other training programs periodically.

We will bear the cost of all training (instruction and required materials) (except for additional and replacement training, as noted above and in Item 6). You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance.

The subjects covered in the initial training program are described below.

TRAINING PROGRAM

Subject (Note 1)	**Hours of Classroom Training (including online)**	**Hours of On-the-Job Training**	**Location** (Note 2)
Introduction to TNAI	4	0	Orlando, FL or Tucson AZ
Chemical Safety & Formulations	3	0	Orlando, FL or Tucson AZ
Sales or Termite or Pest or Lawn (Note 3)	6	0	Orlando, FL or Tucson AZ
Basic Entomology	1	0	Orlando, FL or Tucson AZ
Administration	2	0	Orlando, FL or Tucson AZ
Termite Control	6	0	Orlando, FL or Tucson AZ
Truly Care Customer Relations	4	0	Orlando, FL or Tucson AZ
Field Training (Note 4)	0	0 - 120	Your Location, Orlando, Tucson or other agreed location
Safe Driving (Note 5)	1	0	Various by provider
Management-Leadership (Note 6)	2	0	Orlando, FL or Tucson AZ
Totals	**29**	**0 - 120**	

Notes:

1. We may waive initial training requirements for qualified former employees and existing franchisees familiar with the Truly Nolen System. With our approval, conversion franchisees who have been operating an existing pest control business or franchisees with other pest control experience may complete their initial training by self-study or our online training programs.

2. New Franchise Owner initial classroom and online training is an intense pest control business overview. Classroom training will be conducted by mutual agreement at one of our regional training centers in Orlando or Tucson. These regional training centers are located at: 2082 33rd Street, Orlando, Florida and 432 S Williams Boulevard, Tucson, Arizona. All classes may not be offered each month at each location. The regional training centers and the training program are also used by our corporate offices. You may also attend the New Employee Training program in

Arizona at the Human Resources Center located 2929 N 44th Street #320, Phoenix, Arizona or at other branch sites as scheduled by need and volume of attendance. Many of the topics listed in the chart below are part of New Employee Training and will qualify as part of your 'survey requirements.' (See further description of New Employee Training below.) We maintain three dedicated training facilities, but also have a training environment in every state we have corporate locations and from time to time will offer various classroom training in other locations. The State(s) you operate in may have training requirements as well. This training would be in addition to the training.

3. You will have your choice of attending a training session of Pest, Sales, Termite, or Lawn, depending on the services that you will provide. Lawn training is provided in Florida only.

4. Field training is done on your own using the Manuals. The time required will depend on your prior knowledge and experience estimate but we estimate that the time could be up to 120 hours. You may also review the field training manual and complete your field training by observing a certified applicator from a company-owned Truly Nolen Business perform pesticide applications. As you must be or hire a certified applicator in order to obtain a business license; this will be review for a certified applicator and you may wish to spend some of your 'Office Survey' time working in the field.

5. You are required to train all drivers under a safe driving program developed either by us or by another safety organization or insurance company. You must keep records evidencing this training.

6. This training program is strongly recommended, but not required.

The training materials we use in the initial training program include our confidential operations Manual any other information that we believe will be beneficial to our franchisees in the training process. Each instructor has a minimum of three years' experience in the subject the instructor is teaching. The instructor may have been an employee of TNAI longer than their experience in that assigned subject and/or served TNAI in a different capacity or position.

The initial training program takes place least once every three months or more often as we deem necessary. The initial training program must be successfully completed before operating the Truly Nolen Business, at a minimum, by you or, if you are an entity, your Controlling Owner.

Marketing

We do not currently have a mandatory system-wide 'Advertising Fund.' We have not formed an advertising council or other advisory body composed of franchisees to assist us on marketing policies, but we reserve the right to do so in the future. As described below, we are not required to spend any particular amount on marketing in the area where your Franchised Business is located.

Local Advertising and Promotion

You must spend, on an annual basis, the following amounts on local advertising and promotion (the "**Local Advertising Expenditure**"):

Annual Gross Sales of the Franchised Business	Percent of Gross Sales to be Spent on Local Advertising and Promotion Each Year
$0 to $299,999	5%
$300,000 to $599,999	4%
$600,000 to $999,999	3.5%

$1,000,000 or more	3%

We will determine the type of advertising that is considered local advertising but generally, in addition to local media and print advertising, the cost of purchasing items imprinted with the Proprietary Marks (such as signs (including vehicle signs), clothing with logos, forms and brochures) will count toward the Local Advertising Expenditure. You must provide to us such documentation as necessary or that we may require in order to show us that you have made these required Local Advertising Expenditures.

Certain criteria will apply to any local advertising and promotional activities that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials). If we do not give our response (whether approval or disapproval) to the proposed plans or materials within fourteen days, we will have been deemed to disapprove the plans or materials.

All copyrights in and to marketing and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your staff, to sign the documents) that we deem necessary to implement this provision.

As used in the Franchise Agreement, the term "**local advertising and promotion**" refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready marketing and point of sale materials), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of marketing and sales promotion in your local market or area. Local advertising and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. "Advertising and promotion" does not, however, include any of the following:

(a) Salaries, incentives or discounts offered to your employees, and your employees expenses;

(b) Charitable, political or other contributions or donations; and

(c) The value of discounts provided to customers.

The cost of directory listing advertising required under the Franchise Agreement, and required 800 number charges, will count toward the Local Advertising Expenditure as follows: up to 90% of your Local Advertising Expenditure in your first year; up to 50% of your Local Advertising Expenditure in your second year; and up to 20% of your Local Advertising Expenditure for your third year. The cost of your directory listing advertising and 800 number charges will not be counted toward the Local Advertising Expenditure after your third year. These obligations are reduced by the amount you contribute to any Area Advertising Program that we may establish, as described below, for directory listings and 800 number advertising costs, but only in accordance with the 90%, 50% and 10% limitations stated above for your first, second and third year, respectively, and are also reduced for amounts contributed to any Area Advertising Program for any local media and print advertising.

Online Sites (as defined below) are considered as "marketing" under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, for example, the Internet, World Wide Web, webpages, microsites, social networking sites (including Facebook, Twitter, LinkedIn, YouTube, Instagram, Pinterest, etc.), blogs, vlogs,

applications to be installed on mobile devices (including iOS and Android apps), and other applications, etc., and that refers to the Franchised Business, Proprietary Marks, us, or the System. In connection with any Online Site, the Franchise Agreement provides that you may not establish an Online Site, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting consent, we will have the right to establish any requirement that we deem appropriate, including for example a requirement that your only presence on the Internet will be through one or more webpages that we establish on our website.

Area Advertising Program

We have the right to designate any geographical area for purposes of establishing an "**Area Advertising Program**." If an Area Advertising Program for the geographic area in which the Franchised Business is located has been established at the time you commence operations under the Franchise Agreement, you must immediately become a member of such Area Advertising Program. If an Area Advertising Program for the geographic area in which the Franchised Business is located is established during the term of the Franchise Agreement, you must become a member of such Area Advertising Program within 30 days after the date on which the Area Advertising Program commences operation. In no event will you be required to join more than one Area Advertising Program. The following provisions will apply to each Area Advertising Program:

- Each Area Advertising Program will be organized and governed in a form and manner, and will commence operations on a date, all of which we must have approved in advance, in writing.

- Each Area Advertising Program will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by the members in regional marketing.

- No marketing, advertising or promotional plans or materials may be used by an Area Advertising Program or furnished to its members without our prior approval.

- Once you become a member of an Area Advertising Program, you must contribute to an Area Advertising Program pursuant to the allocation that we specify, up to the amount of your Local Advertising Expenditure, together with such statements or reports that we, or the Area Advertising Program (with our prior written approval) may require. We also have the right to require that you submit your contributions and reports to the Area Advertising Program directly to us for distribution to the Area Advertising Program.

- A majority of the Truly Nolen Business owners in the Area Advertising Program may vote to increase the amount of each Truly Nolen Business owner's contribution to the Area Advertising Program by up to an additional 2% of each Truly Nolen Business' Gross Sales. Voting will be on the basis of one vote per Truly Nolen Business. You must contribute to the Area Advertising Program in accordance with any such vote by the Area Advertising Program to increase each Truly Nolen Business' contribution as required.

- Although once established, each Area Advertising Program is intended to be of perpetual duration, we maintain the right to terminate any Area Advertising Program. An Area Advertising Program will not be terminated, however, until all monies in that Area Advertising Program have been expended for marketing purposes.

Computer Requirements

We require our franchisees to purchase a computer system. You must meet our requirements concerning the computer system, including: (a) back office systems; (b) systems to store data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Truly Nolen Businesses, between or among Truly Nolen Businesses, and between or among the Franchised Business, and you, and us; (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (e.g., form of telecommunications connection) and speed (collectively, all of the above are referred to as the "**Computer System**"). You may not install any non-business or unapproved software, hardware, or firmware on your Computer System.

We have the right to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System.

Computer equipment costs vary depending on what you purchase, the features you select, and whether you obtain new or used equipment. The required computer can be any type or brand with Internet access. We estimate that your hardware will cost from $500 to $5,000 per computer. The cost of computer repair, replacement and maintenance is estimated at $1,000 to $6,000 annually. You are not required to use an electronic cash register, so no cost estimate is included for this equipment.

You must have access to a high speed internet connection.

We will have independent, full-time access to the information in the Computer System and we reserve the right to download information from the Computer System at any time. You must provide us with access to the systems in the form and manner we deem appropriate at your expense. We will exclusively own all data provided by you or downloaded from the systems and have the right to use this data in any manner that we deem appropriate without compensation to you. We are required to protect any financial information we may receive or download and we will not provide it to the public with limited exceptions.

Manuals

You may view all Manuals before buying this franchise.

The Manuals include: Franchisee Training Manual, Annual Inspector's Manual, Residential Service Technician's Training Manual, Residential Sales Inspector's Training Manual, Commercial Service Technician's Training Manual, Commercial Sales Inspector's Training Manual, and Lawn Technician's Training Manual.

We will provide you with access to each manual applicable to the type of service you are providing. The Manuals are routinely updated and these updates will be provided to you as they become available. Some manuals are available exclusively on our national web site and you will be given a login to access these Manuals. All other Manuals will be provided to you in an electronic format.

ITEM 12
TERRITORY

Your "**Protected Territory**" is the geographic area in which you are authorized to operate your Franchised Business under the Franchise Agreement. A Protected Territory is typically delineated by the political boundaries of cities or counties, or by boundary streets or highways or postal zip code

boundaries, and takes into account population (based on U.S. Census data) and traffic patterns. A Protected Territory will not typically exceed a population of 1,000,000 residents. The Protected Territory remains the same even if the population or political boundaries change. We may do so in the future, but you do not have any option or right of first refusal to acquire additional franchises or contiguous territories. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

During the term of the Franchise Agreement, we will not operate, or grant the right to any other party to operate, a Truly Nolen Business in the Protected Territory granted to you under the Franchise Agreement, except as noted below. However, if you have elected not to provide any type of Service under the Franchise Agreement, then we may, through ourselves or others, sell and perform those Service(s) (which you did not select) within the Protected Territory, or grant franchise rights to others to perform whichever type(s) of Services are not designated to you under the Franchise Agreement, and we may establish Truly Nolen Businesses within the Protected Territory for that purpose. In addition, if you do not provide a type of Service designated in the Franchise Agreement that you are authorized and obligated to provide for a period of six months or more, then, upon providing you with 30 days prior written notice, we may, at our option, terminate your right and obligation to offer and provide that type of Service, if you do not actually begin providing that type of Service during that 30-day cure period. Alternatively, we have the option to terminate the Franchise Agreement entirely. If we inadvertently sell services to a customer that we later become reasonably aware is within your Protected Territory and that customer is not a National Account (defined below), we will offer to sell that account to you at the single annual account value of the account. If you decline to accept the offer, we may continue to service that account. You retain the right to request the sale of the account at a future time. We reserve the right to change the price in the future due to market circumstances.

We (and our affiliates) retain all other rights. Accordingly, we will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- Establish, and franchise others to establish, Truly Nolen Businesses to serve participants anywhere outside the Protected Territory.

- Provide, and license others to provide, Services and products to, and/or establish Truly Nolen Businesses at any National Account (defined below), whether the participants associated with the National Account are inside or outside the Protected Territory.

- Establish, and license others to establish, any businesses offering any products and services (including businesses that provide General Pest Services, Termite Services, Grounds Services or Specialty Services), whether or not under the System or using the Proprietary Marks, whether those businesses are located inside or outside of the Protected Territory.

- Acquire (or be acquired) and then operate any business of any kind, whether located inside or outside the Protected Territory.

- Sell and distribute, or license others to sell and distribute, directly or indirectly, any products from any location or to any purchaser (including, but not limited to, the sale of items at wholesale and to purchasers in the Protected Territory through alternate distribution, such as by mail order, and on the Internet, under our Proprietary Marks or as private-labeled items), so long as these sales are not made from a Truly Nolen Business operated inside the Protected Territory (excluding any National Account).

The term "**National Account**" means any participant, or group of participants, that together have multiple affiliated outlets that we designate based upon our determination that these businesses in multiple locations are of strategic importance to us. We will have the right to negotiate the terms and conditions of all Services and products to be provided to National Account customers.

As noted above, we will have the right to sell and distribute products and services by any method or channel of distribution other than through a Truly Nolen Business located in your Protected Territory (including for example through the Internet, mail order). We will not compensate you for sales we may make in these alternative distribution channels.

You will maintain your non-exclusive rights to your Territory even if the population of the Territory increases. You will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights, whether inside the Protected Territory or elsewhere.

You may offer, advertise, and market the Services and products of the Franchised Business, and directly solicit customers, inside (but only inside) your Protected Territory, except as otherwise noted below. The terms “direct solicitation” and “directly solicit” include, but are not limited to, solicitation in person, by telephone, by mail, by e-mail or other electronic means (including the Internet), advertising, marketing, and by distribution of brochures, business cards or other materials.

You may not directly solicit customers located outside of the Protected Territory unless you receive our prior written consent to do so. We will review and we have the right to approve or deny each such request on a case-by-case basis. We also reserve the right at any time to withdraw any consent previously provided.

If we grant our consent for you to directly solicit customers outside of your Protected Territory, you may only perform such direct solicitation, and accept customers from or offer Services and products from the Franchised Business, outside of the Protected Territory if you do so in compliance with our requirements (including the conditions if any that we place on your solicitation of customers outside the Protected Territory).

Upon your request, and only if we determine that it is appropriate, we have the right to grant (or deny) permission for you to directly solicit customers from areas located outside the Protected Territory, provided that those customers are not within the protected territory of another Truly Nolen Business (an “**Open Area**”). We will have the right (for example, if another Truly Nolen Business opens to serve an Open Area) to require that you stop directly soliciting customers from within that area and that you immediately stop offering Services and products from the Franchised Business to any customers in that area.

If any of your advertising within the Protected Territory is in media that will or may reach a significant number of persons outside of the Protected Territory, you must notify us and obtain our prior written consent. We may periodically establish rules and policies in the Manuals and otherwise in writing regarding such advertising, including, as an example, that such advertising include the contact information for all of the Truly Nolen Businesses that are affected by the advertising.

Except for the Truly Nolen Businesses operated by us or our affiliates, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Truly Nolen Business which sell our proprietary products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

If you lease (rather than own) the site of any location at which you will perform Services on a temporary (either certain hours/day or certain days/week), those locations must meet our specifications and criteria as set out in our Manual. If you lease or own a location on a more permanent basis (weekly

or monthly) at which you will perform Services, then you must submit to us a copy of your proposed lease (or purchase agreement) for our prior written review. For any lease we have approved, you must provide us with written notice of your default of any such lease and you agree, subject to any landlord's consent, that we will have the right (but not the obligation, in either case) to cure any default of the lease, and/or assume any such lease.

You are required to establish an office from which you conduct the Franchised Business within your Protected Territory, in a location other than your personal residence, no later than two years after you enter into the Franchise Agreement. If you are in good standing, you may, at your option, open one or more additional offices within your Protected Territory at location(s) we pre-approve in writing. No additional initial franchise fee will be charged for additional offices. You may relocate any office within your Protected Territory, subject to our prior written consent. Any proposed new or relocation locations for your office must be in the Protected Area and meet our then-current standards for an office.

Sales Quotas

You are required to increase your Gross Sales, excluding National Accounts or accounts otherwise owned by us, by 5% each year. If you do not increase your Gross Sales by that margin, you will be in default and we may terminate the Franchise Agreement. There are no other sales quotas you must meet in order to maintain your rights in the Protected Territory. You are also required to pay us a minimum royalty fee and we may terminate your franchise entirely if you do not pay your royalty fee or if you otherwise materially breach your Franchise Agreement.

National Accounts

We will have the exclusive right, unless otherwise specifically delegated in writing, on behalf of us, you, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Account" customers, including any affiliate, company owned or franchised locations within the Protected Territory.

Upon completion of your initial training, you must sign up to receive National Account business and must service any National Accounts we refer to you in accordance with the guidelines set forth in the Manual, including any Services requirements identified in the Manual.

Any dispute as to whether a particular customer is a National Account will be determined by us and our determination will be final and binding.

Following the execution of a contract with or the acceptance of a bid by a National Account customer which contemplates the provision of Services to one or more National Account customer locations within or outside of the Protected Territory, we will, if you are qualified to perform the Services and conditioned upon your substantial compliance with the terms of this Agreement and any addendum, refer the National Account to you, and you must perform such Services pursuant to the terms and conditions of the National Account contract and the guidelines contained in the Manual.

For all Services provided to a National Account, you must submit paperwork to us within the scope of time and in the manner (electronically or otherwise) designated by (and that we have negotiated with) each National Account. For all Services provided to National Accounts, you will receive 75% of the Gross Sales for Services provided to that National Account, and we will receive 25% of the Gross Sales for Services provided to that National Account.

If you fail to provide services to a National Account customer in compliance with the terms and conditions of the Manual or this Agreement, we will have the right to:

a. Terminate the Franchise Agreement; and/or

b. Provide, directly or through any other licensee or franchisee utilizing the Proprietary Marks, services to the National Account customer location(s) within the Protected Territory on the terms and conditions contained in the National Account bid or contract; and/or

c. Contract with another party to provide such services to the National Account customer location(s) within the Protected Territory on the terms and conditions contained in the National Account bid.

Neither the direct provision by us (or our franchisee, licensee, or agent) of services to National Account customers, nor our contracting with another party to provide such services, will constitute a violation of the Franchise Agreement relating to the territorial protections granted to you, even if such services are delivered from a location within the Protected Territory. You disclaim any compensation or consideration for work performed by others in the Protected Territory pursuant to this right.

We can withdraw your right to service one or all National Accounts for a pre-determined period of time or indefinitely if we receive a complaint from that a National Account regarding your service and deem such withdrawal necessary after investigating the complaint. We may also withdraw your right to service one or all National Accounts for a pre-determined period of time or indefinitely if we conduct an inspection or audit of the services you are providing to a National Account and determine that you have failed to meet the standards and procedures that we established for those services. We may then provide the service ourselves or through a third party, without paying any compensation to you, and we reserve the right to use the Proprietary Marks when servicing those customers. If we must issue a refund or pay any damages or penalties to the National Account, then we reserve the right to deduct that amount from your most current National Account payment disbursement or you must reimburse us.

ITEM 13
TRADEMARKS

We are the owner of each of the following principal trademarks, each of which is registered on the Principal Register of the United States Patent and Trademark Office (USPTO), and is being licensed to you:

Mark	Registration Number	REGISTRATION DATE
Truly Nolen with Mouse Ears, Whiskers & Tail (shown on the cover of this Disclosure Document)	1,545,668	June 27, 1989
Truly Nolen Mouse Car (position of mouse ears, nose, whiskers and tail on any type of motor vehicle)	1,539,614	May 16, 1989
TRULY PROOF	2,320,989	February 22, 2000
Truly Nolen	3,749,473	February 16, 2010

Environmentally Friendly Truly Nolen (position of mouse ears, nose, whiskers and tail around home with phrases "Environmentally Friendly" and "Truly Nolen" circling around)	1,801,091	October 26, 1993

We have filed, and intend to file when due, an affidavit of use and an affidavit of incontestability, as well as a renewal application, for the registrations listed above.

Your right to use the Proprietary Marks is limited to the uses that are authorized under the Franchise Agreement, and any unauthorized use of the Proprietary Marks will infringe upon our rights. You may not use any Proprietary Marks: (1) as part of any corporate name or other business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (3) in connection with performing or selling any unauthorized services or products; (4) as part of any domain name, electronic address or search engine or in any other manner in connection with an Online Site without our prior written approval; (5) in any H.R. document (such as a paystub, paycheck, employment application, etc.); or (6) in any way that we do not expressly authorize in writing. You must identify yourself as the independent owner and operator of your Franchised Business in the manner we specify (such as on invoices, order forms, receipts, employment agreements, and contracts). You must also use the trademark registration notices that we require, and obtain any assumed business name registrations that applicable law requires.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Proprietary Marks. Except as described above in this Item 13, no agreement significantly limits our rights to use or license the Proprietary Marks in any state in a manner material to the franchise, and we know of no superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. You must render the assistance we require to protect and maintain our interests in any litigation or proceeding or otherwise to protect and maintain our interests in the Proprietary Marks. We will defend you against any third party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in compliance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement, as well as your out of pocket costs (except that you will bear the salary costs of your employees). If we determine that you have not used the Proprietary Marks in compliance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement, and you must promptly reimburse us for those amounts. If there is any litigation due to your use of the Proprietary Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Proprietary Mark or for you and the Franchised Business to use one or more additional or substitute trade or service marks, you will have to immediately comply with our directions. You must immediately cease using any discontinued marks and must immediately begin using any substituted marks

(including in your marketing materials). Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the operation of your Franchised Business.

Copyrights

We (or our affiliates, in some cases) claim copyright protection covering various materials used in our business and the development and operation of Truly Nolen Businesses, including the Manual, Program Materials, marketing and promotional materials, and similar materials. We have not registered these materials with the United States Registrar of Copyrights but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

Except for the purpose of operating the Franchised Business under the Franchise Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the operation of the Franchised Business that may be communicated to you or that you may learn by virtue of your operation of the Franchised Business. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Controlling Owner, and your Specially-Trained Management Personnel to sign a Non-Disclosure and Non-Competition Agreement. Every one of these agreements must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Business. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current form for this Non-Disclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit F.

Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business according to the Manual. We will lend you (or provide you with access to) our Manual for the term of the Franchise Agreement (which may be in paper and/or in electronic form, such as through an internet website or an extranet).

You must always treat in a confidential manner the Manual, any other manuals we create (or that we approve) for use with the Franchised Business, and the information contained in the Manual. You must use best efforts to maintain this information as secret and confidential. You may not copy, duplicate, record, or otherwise reproduce the Manual and the related materials, or any part (except for the parts of the Manual that are meant for you to copy, which we will clearly mark), nor may you otherwise let any unauthorized person have access to these materials. The Manual will always be our sole property. You must always secure access to the Manual.

We may periodically revise the contents of the Manual, and you must make corresponding revisions to your copy of the Manual and comply with each new or changed standard. If there is ever a dispute as to the contents of the Manual, our master copy of the Manual (maintained at our home office) will be controlling.

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

The Franchised Business must at all times be under the active management of either you, or if you are an entity an individual owner serving as your "**Controlling Owner**." If you are an entity, the Controlling Owner must own at least 50% of the voting and ownership interests in the franchisee entity. The Franchised Business must at all times be supervised by someone (you or your Controlling Owner) who has successfully completed (to our satisfaction) our initial training program. You must, at all times, actively promote the Services and products offered by the Franchised Business, and use best efforts to cultivate, develop and expand the market for these Services and products within the Protected Territory. You (or, if you are an entity, the Controlling Owner) must devote full time and best efforts to the management and operation of the Franchised Business.

If the franchisee is an entity, then all of your owners must sign a guarantee of the franchisee's performance under the Franchise Agreement. The guarantee will be in the form attached to the Franchise Agreement as Exhibit B.

We require your principals (including the Controlling Owner), supervisors and other managers to sign a non-disclosure and non-competition agreement, the form of which is attached to the Franchise Agreement as Exhibit F. We do not impose any other restrictions on your managers.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Each component of the System is vital to us, to other franchisees of the System and to the operation of the Franchised Business. Therefore, you must operate your Franchised Business in compliance with the System.

You must sell or offer for sale only those Services and products that we have approved in writing for you to sell at your Franchised Business, and must not deviate from our standards and specifications, including manner of maintenance of your equipment and products. You are not restricted regarding the customers to whom you may sell.

The Services you are authorized and obligated to perform and sell through your Franchised Business are all, but only, those designated on Exhibit A to the Franchise Agreement. You may not provide any services not designated through your Franchised Business. By way of example, if only one type of Service is designated, you must sell and provide only that Service, and you may not sell or provide the other three types of Services; if only two types of Services are designated, you must sell and provide them both, and you may not sell or provide the other two types of Services; if only three types of Services are designated, you must sell and provide all three, and you may not sell or provide the other type of Service; if all four types of Services are designated, you must sell and provide all four.

At our discretion, we may permit you to operate harmonious, non-competitive services or products from your Franchised Business ("**Additional Services**"). To do so, you must fully inform us of the precise nature of the service or goods, their source, and provide us a business plan that addresses the manner in which the Additional Services will enhance your provision of Services and your Franchised Business. If we grant you permission to offer Additional Services, we can withdraw our permission at any time, for reasons sufficient to us, and you must immediately cease offering the Additional Services.

You must operate the Franchised Business in an efficient and professional manner following the highest ethical and moral standards. You must comply with all standards of quality and service prescribed by us.

Due to changes in competitive circumstances, we may periodically change the System to better serve the interests of our franchisees and the System. We may change the components of the System, including revising the programs, services, policies and procedures of the System and modifying products, materials, and programs which you are authorized to offer. You must abide by these modifications. However, these changes will not increase your obligations under the Franchise Agreement. It is understood that we are not obligated to replace, modify or supply equipment to you.

You must comply with the policies and procedures for the selection of your staff as set forth in the Manual. You must ensure that all of your staff pass our rigorous screening requirements. Among other things, you may not hire anyone who has been convicted of a crime against a child.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Term of the franchise term	§ 2.1 of Franchise Agreement	10 years
b.	Renewal or extension of the term	§ 2.2 of Franchise Agreement	Five additional 10-year terms
c.	Requirements for you to renew or extend	§§ 2.2.1 - 2.2.9 of Franchise Agreement	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, release, sign new Franchise Agreement, and others; see §§ 2.2.1 - 2.2.9 in Franchise Agreement. If you seek to renew your franchise at the expiration of the initial term, you may be asked to sign a new form of franchise agreement that contains terms and conditions materially different from those in your original franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by you	Not Applicable	
e.	Termination by us without cause	Not Applicable	
f.	Termination by us with cause	§ 17 of Franchise Agreement	Default under the Franchise Agreement, insolvency, bankruptcy, abandonment, and other grounds; see § 17 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)
g.	"Cause" defined-defaults which can be cured	§ 17.3 of Franchise Agreement	All other defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement

	Provision	Section in Franchise Agreement	Summary
h.	"Cause" defined-defaults which cannot be cured	§§ 17.1 and 17.2 of Franchise Agreement	Insolvency, bankruptcy, abandonment, conviction of felony, and others; see § 17.2 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.).
i.	Your obligations on termination/non-renewal	§ 18 of Franchise Agreement	Stop operating the Franchised Business, pay amounts due, and others; see §§ 18.1 - 18.12 of the Franchise Agreement.
j.	Assignment of contract by us	§ 16.1 of Franchise Agreement	There are no limits on our right to assign the Franchise Agreement.
k.	"Transfer" by you - definition	§§ 16.4.1 - 16.4.4 of Franchise Agreement	Includes transfer of any interest.
l.	Our approval of transfer by you	§ 16.4 of Franchise Agreement	We have the right to approve transfers.
m.	Conditions for our approval of transfer	§ 16.5 of Franchise Agreement	Your compliance with the existing franchise agreement, a release, the buyer's signature of a new Franchise Agreement, the payment of transfer fee, and others; see §§ 16.5.1 - 16.5.10 of the Franchise Agreement.
n.	Our right of first refusal to acquire your business	§ 16.6 of Franchise Agreement	We can match any offer.
o.	Our option to purchase your business	§ 18.4 of Franchise Agreement	We can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, materials, or inventory at the lesser of your cost or fair market value upon expiration, termination, or default of the Franchise Agreement and/or default under the lease/sublease.

	Provision	Section in Franchise Agreement	Summary
p.	Your death or disability	§§ 16.7 of Franchise Agreement	Your estate must apply to us within 3 months of date of death or incapacity for a transfer of your interest in the Franchised Business to a third party we approve; and the transfer must occur, within 6 months after the date of death or appointment of a personal representative or trustee.
q.	Non-competition covenants during the term of the franchise	§§ 19.2, 19.3 and 19.4 of Franchise Agreement	Includes prohibition on engaging in a "Competitive Business," which is a business which is the same as or substantially similar to a Truly Nolen Business or that offers pest control services; see §§ 19.2 - 19.4 of the Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	§§ 19.2, 19.3, 19.4 and 19.5 of Franchise Agreement	Includes a two year prohibition similar to "q" (above), within the Protected Territory, or within 25 miles of the Protected Territory, or within 25 miles of any other Truly Nolen Business then-operating under the System.
s.	Modification of the agreement	§ 25 of Franchise Agreement	Must be in writing signed by both parties.
t.	Integration/ merger clause	§ 25 of Franchise Agreement	Only the final written terms of the Franchise Agreement are binding (subject to state law), but this provision does not disclaim any representation made in this disclosure document. Any representations or promises outside of the disclosure document and agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	§ 27.3 of Franchise Agreement	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief) in Phoenix, Arizona (subject to applicable state law). The Franchise Agreement contains several provisions that may affect your legal rights, including a waiver of a jury trial, limitations on when claims may be raised, and a waiver of punitive or exemplary damages. See Sections 27.6, 27.7 and 27.8 in the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	§ 27.2 of Franchise Agreement	If we ever litigate, you must do so in the courts that have jurisdiction over Pima County, Arizona (subject to applicable state law).
w. Choice of law	§ 27.1 of Franchise Agreement	Arizona law applies (subject to applicable state law).

The provisions of the Franchise Agreement that provide for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

See the state addenda to the Franchise Agreement and disclosure document for special state disclosures.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote your franchise or the System, but we reserve the right to do so in the future.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Lance Washington or Sean Dreis at 432 S Williams Blvd Tucson Arizona 85711 (520) 327-3447, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

SYSTEMWIDE OUTLET SUMMARY FOR Years 2019 to 2021 (Note 1)

Outlet type	Year	Outlets start of the year	Outlets at the End of the Year	Net Change
Franchised	2019	24	27	+3
	2020	27	26	-1
	2021	26	24	-2
Company-Owned	2019	74	78	+4
	2020	78	78	+0
	2021	78	77	-1
Total Outlets	2019	98	105	+7
	2020	105	104	-1
	2021	104	101	-3

Note:

1. All numbers are as of December 31st for each year.

Table 2
Transfers of Outlets from Franchises to New Owners (other than the Franchisor) For years 2019 to 2021 (Note 1)

State	Year	Number of Transfers
North Carolina	2019	0
	2020	1
	2021	0
Total	2019	0
	2020	1
	2021	0

Note:

1. Franchise 357, located in Asheboro, North Carolina, was transferred from Joey & Shana Baker (Baker Pest Control LLC) to James Bess (TN Forsyth Inc) effective October 1, 2020. James Bess is also the owner of Franchise 374, located in Winston-Salem, North Carolina.

Table 3
Status of Franchise Outlets
For years 2019 to 2021 (Note 1)

State	Year	Outlets at start of year	Outlets opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets End of the Year
Florida	2019	2	1	0	0	0	0	2
	2020	3	0	0	0	0	0	3
	2021	3	0	1	0	0	0	2
Georgia	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Kentucky (Note 2)	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Nebraska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Jersey	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
New York	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
North Carolina	2019	2	1	0	0	0	0	2
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Ohio (Note 2)	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Pennsylvania	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Puerto Rico	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
South Carolina	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
South Dakota (Note 3)	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Tennessee	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Texas (Note 4)	2019	4	0	0	0	0	0	4
	2020	4	0	1	0	0	0	3
	2021	3	0	0	1	0	0	2
Totals	2019	24	3	0	0	0	0	27
	2020	27	0	1	0	0	0	26
	2021	26	0	1	1	0	0	24

Notes:

1. All numbers are as of December 31st for each year.

2. Three territories in Kentucky and Ohio (Lexington, Kentucky, Northern Kentucky, and Cincinnati, Ohio) have always been operated by a single franchisee. Effective May 2020, at the request of the franchisee, these territories were combined into a single Franchise Agreement, but the franchisee continues to operate in each of these markets and for purposes of this table is indicated as a single location in Kentucky.

3. The South Dakota franchise's agreement includes selected zip codes in Iowa and Nebraska that the franchise will begin servicing after his first renewal term. All zip codes will be serviced from his location in Sioux Falls, South Dakota.

4. Two territories in Texas (Abilene and Lubbock) were, effective January 2020 at the request of the franchisee, combined into a single Franchise Agreement. The territory is now administered as a single unit based in Abilene, Texas.

5. The St Augustine franchisee requested, and we granted, a mutual termination of the Franchise Agreement effective July 2021.

Table 4
Status of Company-Owned Outlets
For year 2019 to 2021 (Note 1)

State	Year	Outlets start of the year	Outlets Opened (Note 2)	Outlets Reacquired from Franchise	Outlets Closed (Note 2)	Outlets Sold to Franchise	Outlets at End of Year
Arizona	2019	20	0	0	0	0	20
	2020	20	0	0	0	0	20
	2021	20	0	0	0	0	20
California	2019	8	0	0	0	0	8
	2020	8	0	0	0	0	8
	2021	8	0	0	0	0	8
Florida	2019	33	4	0	0	0	37
	2020	37	0	0	0	0	37
	2021	37	0	0	1	0	36
Nevada	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
New Mexico	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
Texas	2019	7	0	0	0	0	7
	2020	7	0	0	0	0	7
	2021	7	0	0	0	0	7
Utah	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
Totals	2019	74	4	0	0	0	78
	2020	78	0	0	0	0	78
	2021	78	0	0	1	0	77

Notes:

1. All numbers are as of December 31st for each year.

2. TNAI often transfers branch personnel and consolidates or expands its branch offices. These transfers are reflected in these columns.

Table No. 5
PROJECTED OPENINGS FOR 2022 AS OF LAST DAY OF FISCAL YEAR 2021

State	Franchise Agreement Signed But Store Not Opened (Note 1)	Projected New Franchise Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Florida	0	2	1
Georgia	0	1	0
North Carolina	0	1	0
Ohio	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
Texas	0	1	0
TOTALS	0	8	1

Notes:

1. All numbers are as of December 31st for each year.

A list of the names of all franchisees and the addresses and telephone numbers of their businesses will be provided in Exhibit H to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit I to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Truly Nolen System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Truly Nolen System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G are our audited financial statements as of December 31, 2019, December 31, 2020 and December 31, 2021, as well as our unaudited financial statements for the period ended May 31, 2022.

Our fiscal year ends on December 31st each year.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit C	The Franchise Agreement with its exhibits: A. Data Addendum B. Guarantee, Indemnification, and Acknowledgment C. List of Principals D. Sample Form of Non-Disclosure and Non-Competition Agreement
Exhibit D	Form of Asset Purchase and Sale Agreement
Exhibit E	Form of Promissory Note
Exhibit F	Form of Real Estate Lease
Exhibit M	Form of General Release

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Consumer Protection Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7622	**WASHINGTON** Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	**WISCONSIN** Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Consumer Protection Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7622	**WASHINGTON** Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	**WISCONSIN** Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT B TO THE DISCLOSURE DOCUMENT
STATE SPECIFIC ADDENDA

EXHIBIT B-1

California Disclosure

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for Truly Nolen of America, Inc. in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. The State Cover Page of the Franchise Disclosure Document shall be amended by the addition of the following paragraph:

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

2. Item 1, "The Franchisor, Its Predecessors, and Affiliates," shall be amended by adding the following paragraph at the conclusion of the Item:

> 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.

3. In Item 3, "Litigation," shall be amended by adding the following paragraphs:

> Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.
>
> Neither we, nor any person identified in Item 2 above, is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934, 15 U.S.C. § 78a, *et seq*.) suspending or expelling such person from membership in such association or exchange.

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by adding the following paragraphs at the conclusion of the Item:

> California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
>
> The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, *et seq.*).
>
> 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.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code § 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires mediation before all but only certain matters can be litigated. The mediation will occur in Washington, D.C., with the costs being borne by the franchisee and franchisor. Litigation for matters not resolved through mediation is to take place in the appropriate courts located in Erie County, New York. 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.

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

You must sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code § § 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code § § 20000 through 20043).

5. The Franchise Disclosure Document is amended to include the following:

   Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

6. The Franchise Disclosure Document is amended to include the following:

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

EXHIBIT B-2

Hawaii Disclosure

The following paragraphs are to be added in the state cover page:

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

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

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

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 205, Honolulu, Hawaii 96813.

EXHIBIT B-3

Illinois Disclosure

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the Franchise Disclosure Document for Truly Nolen of America, Inc. for use in the State of Illinois shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

> Illinois law governs the agreements between the parties to this franchise.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently, without reference to this addendum.

EXHIBIT B-4

Maryland Disclosure

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for Truly Nolen of America, Inc. for use in the State of Maryland shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

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

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

   A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

   Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

2. Exhibit H, “Franchisee Disclosure Acknowledgment Statement,” shall be amended by the addition of the following at the end of Exhibit H:

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

EXHIBIT B-5

Michigan Disclosure

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, MARKETING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.*****

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

*****

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

*****

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

*****

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, 525 WEST OTTAWA STREET, G. MENNEN WILLIAMS BUILDING, 1ST FLOOR, LANSING, MICHIGAN 48913.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE SECTION
525 WEST OTTAWA STREET
G. MENNEN WILLIAMS BUILDING, 1ST FLOOR
LANSING, MICHIGAN 48913

*****NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS UNDER THE FEDERAL ARBITRATION ACT.

EXHIBIT B-6

Minnesota Disclosure

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for Truly Nolen of America, Inc. for use in the State of Minnesota shall be amended to include the following:

1. Item 13 is amended by the addition of the following language:

   The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suite or demand regarding the use of the name.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

   With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. § 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

   Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

   Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

   Minn. Stat. § 80C.17 prohibits any action from being commenced under the Minnesota Franchises Law more than three years after the cause of action accrues.

3. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the disclosure document.

EXHIBIT B-7

New York Disclosure

ADDITIONAL RISK FACTORS:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE ATTORNEY GENERAL, INVESTOR PROTECTION BUREAU, FRANCHISE SECTION, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Franchise Disclosure Document for Truly Nolen of America, Inc. for use in the State of New York shall be amended as follows:

1. Item 3, "Litigation," shall be amended by the addition of the following text:

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

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

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

2. The last paragraph under Item 4, “Bankruptcy” is deleted in its entirety and the following language substituted in its place:

   Neither the franchisor, nor any predecessor or current officer of the Franchisor, during the ten-year period immediately preceding the date of this disclosure document, has filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; obtained a discharge of its debts under the bankruptcy code; or was a principal officer in a company, or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a

discharge of its debts under the U.S. Bankruptcy Code during or within one year of the time that the officer or general partner held this position in the company or partnership.

3. Item 5, “Initial Fees” is amended by the addition of the following:

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

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by deleting rows d, j, and w, and the following new rows d, j, and w shall be substituted in their place:

Provision	Section in Franchise Agreement	Summary
d. Termination by you	Not applicable	Pursuant to New York General Business Law, the franchisee may terminate the Agreement on the grounds (if any) that are available by law.
j. Assignment of contract by us	§ 16.1 of Franchise Agreement	There are no limits on our right to assign the Franchise Agreement. However, no assignment will be made except to an assignee who, in Franchisor’s judgment, is willing and able to assume the Franchisor’s obligation under the agreement.
w. Choice of law	§ 27.1 of Franchise Agreement	New York. The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by the General Business Law of the State of New York, Article 33.

5. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in or the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

EXHIBIT B-8

North Dakota Disclosure

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Truly Nolen of America, Inc. shall be amended by the addition of the following language:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.

EXHIBIT B-9

Rhode Island Disclosure

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Franchise Disclosure Document for Truly Nolen of America, Inc. for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

   § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This addendum to the Disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to the Disclosure document.

EXHIBIT B-10

Virginia Disclosure

In recognition of the requirements contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document of Truly Nolen of America, Inc. is amended as follows:

> According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.
>
> According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

This addendum to the disclosure document will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchise Act are met independently without reference to this addendum to the Disclosure Document.

EXHIBIT B-11

Washington Disclosure

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for Truly Nolen of America, Inc. in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs at the conclusion of the Item:

> The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
>
> In any arbitration 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.
>
> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
>
> A release or waiver of rights executed by a franchisee shall 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.
>
> Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

2. Each provision of this addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, are met independently without reference to this addendum

EXHIBIT B-12

Illinois Franchise Agreement Amendment

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Truly Nolen of America, Inc. Franchise Agreement (the "Agreement") agree as follows:

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

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

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

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

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Illinois Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Truly Nolen of America, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

EXHIBIT B-13

Maryland Franchise Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Truly Nolen of America, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.7 of the Agreement, under the heading "Term And Renewal," shall be amended by the addition of the following:

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

2. Section 16.5.1 of the Agreement, under the heading "Transfer of Interest," shall be amended by the addition of the following:

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

3. Sections 27.2 and 27.7 of the Agreement, under the heading "Applicable Law and Dispute Resolution," shall be amended by the addition of the following:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

4. Section 28 of the Agreement, under the heading "Acknowledgments," shall be amended by the addition of the following:

> 28.14 The general release required as a condition of renewal, sale/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> 28.15 The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.
>
> 28.16 The Franchisee Compliance Certification is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Truly Nolen of America, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

EXHIBIT B-14

Minnesota Franchise Agreement Amendment

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Truly Nolen of America, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.7 of the Agreement, under the heading "Term And Renewal," shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in its place:

> 2.2.7 You must sign and deliver to us a release, in a form that we will provide (which will be a mutual release with limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us, excluding only such claims as you may have that have arisen under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

2. Section 2 of the Agreement, under the heading "Term And Renewal," shall be amended by the addition of the following paragraph:

> Minnesota law provides franchisees with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a franchisee be given 180 days notice of non-renewal of the Franchise Agreement.

3. Section 9 of the Agreement, under the heading "Proprietary Marks," shall be amended by the addition of the following paragraph:

> Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights you may have to our Proprietary Marks.

4. Section 16.5.1 of the Agreement, under the heading "Transfer of Interest," shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in its place:

> 16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us, and/or our respective affiliates, and federal, state, and local laws and rules, excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

5. Section 16 of the Agreement, under the heading "Transfer of Interest," shall be amended by the addition of the following paragraph:

Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. §80C.14 (subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

6. Section 17 of the Agreement, under the heading "Default and Termination," shall be amended by the following paragraph:

Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) of the Franchise Agreement.

7. Section 18.7 of the Agreement, under the heading "Obligations upon Termination or Expiration," shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in its place:

18.7 *Pay Damages*. You agree to pay us all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in seeking injunctive or other relief for the enforcement of any provisions of this Section 18.

8. Sections 27.5 and 27.9 of the Agreement, under the heading "Applicable Law and Dispute Resolution," shall be deleted in their entirety and shall have no force or effect; and the following paragraphs shall be substituted in its place:

27.5 *Injunctions*. Nothing contained in this Agreement shall bar our right to seek injunctive relief (without having to post a bond) against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27.9 *Payment of Legal Fees*. You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: ***(a)*** seeking injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or ***(b)*** successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

9. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution", shall be amended by the following paragraph 27.10, which shall be considered an integral part of the Agreement:

27.10 Minn. Stat. § 80C.17 prohibits any action from being commenced under the Minnesota Franchises Law more than three years after the cause of action accrues. Minn.

Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

10. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Minnesota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Truly Nolen of America, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

EXHIBIT B-15

New York Franchise Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Truly Nolen of America, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.7 of the Agreement, under the heading "Term And Renewal," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in its place:

> 2.2.7 You must sign and deliver to us a release, in a form that we will provide (which will be a mutual release with limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us, provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied; and

2. Section 16.5.1 of the Agreement, under the heading "Transfer of Interest," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in its place:

> 16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us, and/or our respective affiliates, and federal, state, and local laws and rules, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

3. Section 18.7 of the Agreement, under the heading "Obligations upon Termination or Expiration," shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in its place:

> 18.7 *Pay Damages*. You agree to pay us all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in seeking injunctive or other relief for the enforcement of any provisions of this Section 18.

4. Sections 27.5 and 27.9 of the Agreement, under the heading "Applicable Law and Dispute Resolution," shall be deleted in their entirety and shall have no force or effect; and the following paragraphs shall be substituted in its place:

27.5 *Injunctions*. Nothing contained in this Agreement shall bar our right to seek injunctive relief (without having to post a bond) against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27.9 *Payment of Legal Fees*. You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: ***(a)*** seeking injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or ***(b)*** successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

5. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," shall be amended by the addition of the following paragraph:

Nothing in this Agreement should be considered a waiver of any right conferred upon you by New York General Business Law, Sections 680-695.

6. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in or the franchise will be opening in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Truly Nolen of America, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

EXHIBIT B-16

North Dakota Franchise Agreement Amendment

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached Truly Nolen of America, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. The Agreement shall be amended by the addition of the following Section 29:

29. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this North Dakota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Truly Nolen of America, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

EXHIBIT B-17
Rhode Island Franchise Agreement Amendment

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Truly Nolen of America, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," shall be amended by the addition of the following paragraph:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Truly Nolen of America, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

EXHIBIT B-18

Washington Franchise Agreement Amendment

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Truly Nolen of America, Inc. Franchise Agreement (the "Agreement") agree as follows:

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

4. A release or waiver of rights executed by a franchisee shall 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.

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

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Truly Nolen of America, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

Truly Nolen of America, Inc.

Franchise Agreement

Truly Nolen of America, Inc.
Franchise Agreement

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Truly Nolen of America, Inc.
Franchise Agreement

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the "**Effective Date**" that we have indicated on the signature page of this Agreement by and between:

- Truly Nolen of America, Inc., an Arizona corporation, with its principal place of business at 432 S Williams Blvd, Tucson, Arizona 85711 ("**TNAI**," "**we**," "**us**," or "**our**"); and

- _____ a [resident of] [corporation organized in] [limited liability company organized in] the state of _____ and having offices at _____ ("**you**" or the "**Franchisee**").

Introduction

We own a format and system relating to the establishment and operation of "*Truly Nolen" businesses providing General Pest Services, Termite Services and Grounds Services (each as defined below) ("**Truly Nolen Businesses**").*

*Among the distinguishing characteristics of a Truly Nolen Business are that it operates under our "*Truly Nolen" *system. The services provided under the system include "**General Pest Services**," which are general pest control services for residential, governmental and commercial structures, and general pest inspection and advisor services; "**Termite Services**," which are structural termite control and repair services, and termite inspection and advisor services; "**Grounds Services**," which are lawn and ornamental pest control and weed control services; and "**Specialty Services**," which are pest control services for pests that are only located in certain regions of the United States, as well as other services we may periodically authorize, such as sanitation and disinfectant services. General Pest Services, Termite Services, Grounds Services and Specialty Services are sometimes referred to collectively in this Agreement as the "**Services**" or "**Truly Nolen Services**." Our System includes (among other things): the Services and related products; professional image and high customer service standards; confidential and proprietary information and trade secrets; distinctive images, designs, business formats, training methods, procedures, and specifications; uniform standards, specifications, and procedures for operations; procedures for management; software; training and assistance; and advertising and promotional programs (together, the "**System**").*

*We identify the System by means of our Proprietary Marks. Our proprietary marks include certain trade names (for example, the mark "Truly Nolen" and logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as our "**Proprietary Marks**"). We continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service.*

We are in the business of developing and awarding franchise rights to third party franchisees, such as you. You will be in the business of operating a Truly Nolen Business, using the same brand and Proprietary Marks as other independent businesses that operate other Truly Nolen Businesses under the System. We will not operate your Truly Nolen Business for you, although we have (and will continue) to set standards for Truly Nolen Businesses that you will have chosen to adopt as yours by

signing this Agreement and by your day-to-day management of your Truly Nolen Business to our brand standards.

You have asked to enter into the business of operating a Truly Nolen Business under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also understand and acknowledge the importance of our high standards of quality, appearance, and service and the necessity of operating the business franchised under this Agreement in conformity with our standards and specifications.

Therefore, recognizing all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this contract, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:

1 GRANT

1.1 *Rights and Obligations*. We grant you the right, and you accept the obligation, all under the terms and conditions of this Agreement:

1.1.1 To operate one Truly Nolen Business under the System (referred to as the "**Business**" or "**Franchised Business**");

1.1.2 To use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and

1.1.3 To do all of those things only at and from the Approved Office (as defined in Section 1.2 below).

1.2 *Approved Office*. You are required to establish the Approved Office within your Protected Territory, in a location other than your personal residence, no later than the earlier of when: (a) the Franchised Business has two (2) employees in addition to the Controlling Owner (defined below); (b) the Franchised Business' annual gross revenue exceeds Three Hundred Thousand Dollars ($300,000) on an actual or annualized monthly basis, or (c) three (3) years after you enter into this Agreement. The address of the office from which you will operate your Franchised Business is (or will later be) specified in Attachment A to this Agreement, and is referred to as the "**Approved Office**." If you are in Good Standing, you may, at your option, open one or more additional offices within your Protected Territory at location(s) we pre-approve in writing. No additional initial franchise fee will be charged for additional offices. Once you are required to establish the Approved Office, you must maintain the Approved Office for the remainder of the term (and any renewal term) of this Agreement. You may relocate any office within your Protected Territory, subject to our prior written consent.

1.3 *Protected Territory and Exclusions.*

1.3.1 The term "**Protected Territory**" means the area that we have designated in Attachment A to this Agreement. During the term of this Agreement, we will not operate, or grant the right to any other party to operate, a Truly Nolen Business in the Protected Territory, except as otherwise provided in this Section 1.3 and in Section 1.6 below. However, if any type of Service has not been designated on Attachment A to this Agreement as the type(s) of Services you are authorized and obligated to provide, then we may, through ourselves or others, sell and perform those Service(s) within the Protected Territory, or grant franchise rights to others to perform whichever type(s) of

Services are not designated to you under this Agreement, and we may establish Truly Nolen Businesses within the Protected Territory for that purpose. In addition, if you do not provide a type of Service designated on Attachment A that you are authorized and obligated to provide for a period of six (6) months or more, then, upon providing you with thirty (30) days prior written notice, we may, at our option, terminate your right and obligation to offer and provide that type of Service, if you do not actually begin providing that type of Service during that thirty (30) day cure period. Alternatively, we have the option to terminate this Agreement entirely, as described in Section 17.2 below. If we inadvertently sell services to a customer that we later become reasonably aware is within your Protected Territory and that customer is not a National Account (defined below), we will offer to sell that account to you at the single annual account value of the account. If you decline to accept the offer, we may continue to service that account. You retain the right to request the sale of the account at a future time. We reserve the right to change the price in the future due to market circumstances.

1.3.2 We retain all other rights, including the right, among other things, on any terms and conditions we deem advisable, and without granting you any rights in these matters, to do any or all of the following (and, in each case, despite their actual or threatened impact on sales at the Franchised Business):

1.3.2.1 Establish, and franchise others to establish, Truly Nolen Businesses to offer Services anywhere outside the Protected Territory.

1.3.2.2 Provide, and license others to provide, Services and products to, and/or establish Truly Nolen Businesses at any National Account, whether the Services to be provided at the National Account are provided inside or outside the Protected Territory.

1.3.2.3 Establish, and license others to establish, any businesses offering any products and services (including businesses that provide General Pest Services, Termite Services, Grounds Services or Specialty Services), whether or not under the System or using the Proprietary Marks, whether those business are located inside or outside of the Protected Territory, so long as such businesses are not a Truly Nolen Business operated within the Protected Territory (subject to the terms of Section 1.3.1 above regarding Services you may not have selected or be authorized to provide).

1.3.2.4 Acquire (or be acquired) and then operate any business of any kind, whether located inside or outside the Protected Territory.

1.3.2.5 Sell and distribute, or license others to sell and distribute, directly or indirectly, any products from any location or to any purchaser (including, but not limited to, the sale of items at wholesale and to purchasers in the Protected Territory through mail order, and on the Internet, under our Proprietary Marks or as private-labeled items), so long as these sales are not made from a Truly Nolen Business operated inside the Protected Territory (excluding any National Account).

1.4 *Territorial Rules*.

1.4.1 You may offer, advertise, and market the Services and products of the Franchised Business, and directly solicit customers, inside (but only inside) your Protected Territory (subject to our right to approve all advertising and marketing materials as set

forth in Section 13.5 below), except as otherwise provided below. The terms "**direct solicitation**" and "**directly solicit**" include, but are not limited to, solicitation in person, by telephone, by mail, by e-mail or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials.

1.4.2 You may not directly solicit customers located outside of the Protected Territory unless you receive our prior written consent to do so. We will review and we have the right to approve or deny each such request on a case-by-case basis. We also reserve the right at any time to withdraw any consent previously provided.

1.4.3 If we grant our consent for you to directly solicit customers outside of your Protected Territory, you may only perform such direct solicitation, and accept customers from or offer Services and products from the Franchised Business, outside of the Protected Territory if you do so in compliance with this Section 1.4 (including the conditions if any that we place on your solicitation of customers outside the Protected Territory).

1.4.4 Upon your request, and only if we determine that it is appropriate, we have the right to grant (or deny) permission for you to directly solicit customers from areas located outside the Protected Territory, provided that those customers are not within the protected territory of another Truly Nolen Business (an "**Open Area**"). We will have the right (for example, if another Truly Nolen Business opens to serve an Open Area) to require that you stop directly soliciting customers from within that area and that you immediately stop offering Services and products from the Franchised Business to any customers in that area.

1.4.5 If any of your advertising within the Protected Territory is in media that will or may reach a significant number of persons outside of the Protected Territory, you must notify us and obtain our prior written consent (in addition to the requirements in Section 13.5 below). We may periodically establish rules and policies in the Manuals and otherwise in writing regarding such advertising, including, as an example, that such advertising include the contact information for all of the Truly Nolen Businesses that are affected by the advertising.

1.4.6 You acknowledge that: ***(a)*** other Truly Nolen Businesses will operate under restrictions similar to those set out in this Section 1.4 (the "**Territorial Rules**"), which means that in some instances, other Truly Nolen Businesses may sponsor advertising that reaches persons in your Protected Territory; and (**b**) we do not represent or guarantee that other Truly Nolen Businesses will always abide by the Territorial Rules, and we will have no liability to you for such violations.

1.5 *Services*.

1.5.1 The Services you are authorized and obligated to perform and sell through your Franchised Business are all, but only, those designated on Attachment A to this Agreement. You expressly acknowledge and agree that: (a) you may not provide any services not designated on Attachment 1 under the Marks or through your Franchised Business; and (b) this Agreement does not grant you any rights other than those expressly stated in this Agreement. By way of example, if only one (1) type of Service is designated, you must sell and provide only that Service, and you may not sell or provide the other three (3) types of Services; if only two (2) types of Services are designated, you must sell and provide them both, and you may not sell or provide the other two (2) types of Services; if only three (3) types of Services are designated, you must sell and provide all three (3), and you may not sell or provide the other type of

Service; if all four (4) types of Services are designated, you must sell and provide all four (4).

1.5.2 At our discretion, we may permit you to offer harmonious, non-competitive services or products from your Franchised Business ("**Additional Services**"). To do so, you must fully inform us of the precise nature of the service or goods, their source, and provide us a business plan that addresses the manner in which the Additional Services will enhance your provision of Services and your Franchised Business. If we grant you permission to offer Additional Services, we can withdraw our permission at any time, for reasons sufficient to us, and you must immediately cease offering the Additional Services.

1.6 *National Accounts*. The term "**National Account**" means any customer, or group of customers, that together have multiple affiliated outlets that we designate based upon our determination that these businesses in multiple locations are of strategic importance to us. We will have the right to negotiate the terms and conditions of all Services and products to be provided to National Account customers, in accordance with the terms of Section 8.14 below.

2 TERM AND RENEWAL

2.1 *Term*. The term of this Agreement starts on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, will expire ten (10) years from the Effective Date.

2.2 *Renewal*. You will have the right to renew your rights to operate the Franchise Business for up to five (5) additional successor terms of ten (10) years each, so long as you have satisfied all of the conditions specified in Sections 2.2.1 through 2.2.9 before each such renewal:

2.2.1 You agree to give us written notice of your election to renew at least three (3) months before the end of the term of this Agreement (but not more than six (6) months before the term expires).

2.2.2 You must upgrade and refresh the materials used for the Franchised Business (including, without limitation, any vehicles that you operate in connection with the Franchised Business) to comply with our then-current standards in effect for new Truly Nolen Businesses (if necessary and not already meeting those standards).

2.2.3 At the time of renewal, you must be in material compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other contract between you (and your affiliates) and us (and our affiliates); you must have met our minimum performance standards that we periodically require; and in our reasonable judgment, you must have been in material compliance during the term of this Agreement, even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations.

2.2.4 You must have timely met all of your financial obligations to us, our affiliates, the Area Advertising Program, as well as your vendors, throughout the term of this Agreement (even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations).

2.2.5 You must sign our then-current form of franchise agreement, which will supersede this Agreement in all respects (except with respect to the renewal provisions of the new

franchise agreement, which will not supersede this Section 2), and which you acknowledge and agree may contain terms, conditions, obligations, rights, and other provisions that are substantially and materially different from those spelled out in this Agreement (including, for example, a higher percentage royalty fee and marketing contribution). If you are an entity, then your owners (whether direct, indirect, and/or beneficial owners) must sign and deliver to us a personal guarantee of your obligations under the renewal form of franchise agreement. (In this Agreement, the term "**entity**" includes a corporation, limited liability company, partnership, and a limited liability partnership.)

2.2.6 Instead of a new initial franchise fee, you agree to pay to us a renewal fee in the amount of Five Thousand Dollars ($5,000); however, the renewal fee will be reduced in the following circumstances, if your annual gross revenue in the 12 months before renewal was: (a) $250,000 or more, the renewal fee is reduced by $1,000 (so $4,000 total), (b) $500,000 or more, the renewal fee is reduced by $2,000 (so $3,000 total), (c) $750,000 or more, the renewal fee is reduced by $3,000 (so $2,000 total), and (d) $1,000,000 or more, the renewal fee is reduced by $4,000 (so $1,000 total).

2.2.7 You (and your owners, whether direct, indirect or beneficial) agree to sign and deliver to us a release, in a form that we will provide (which will be a mutual release with limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, members, managers, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.

2.2.8 You and your personnel must meet our then-current qualification and training requirements.

2.2.9 You must be current with respect to your financial and other obligations to your lessor, suppliers, and all other parties with whom you do business.

3 OUR DUTIES

3.1 *Training*. We will provide you with the training specified in Section 6 below.

3.2 *Opening and Additional Assistance*. We will provide a representative to be present at the opening of the Franchised Business. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Manual (defined below).

3.3 *Manual*. During the term of this Agreement, we will provide you with access to our confidential operations manuals and other written instructions relating to the operation of a Truly Nolen Business (the "**Manual**"), in the manner and as described in Section 10 below.

3.4 *Marketing Materials*. We have the right to approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Section 13 below.

3.5 *Inspection Before Opening*. We will evaluate the Franchised Business before it first opens for business. You agree to not open the Franchised Business or otherwise start operations until you have received our prior written approval.

3.6 *Periodic Assistance*. We will provide you with on-site assistance when reasonably requested by you or deemed necessary by us, upon such terms as you and we may mutually agree. We

will maintain a staff reasonably available to provide continuing advisory assistance in the operation of the Franchised Business by telephone or email when requested by you or deemed appropriate by us. If, however, you request corporate assistance outside of our franchise division or national commercial division, such as assistance with marketing, technology, or CSM administration that may be provided to you in any form or manner (including by telephone, email or in-person) ("**Corporate Support**"), then you will be entitled to request, for no additional charge: (a) up to twenty five (25) hours of Corporate Support during the first three (3) months following the Effective Date, and (b) five (5) hours of Corporate Support each month thereafter for the remainder of the term of this Agreement. Corporate Support does not accumulate or rollover. If you request, and we are able to provide, Corporate Support in addition to that which is provided to you without additional charge in the preceding sentence, then we will do so at a rate of Thirty-Five Dollars ($35) for each hour that we provide such Corporate Support to you.

3.7 *Services Performed*. You acknowledge and agree that any of our designees, employees, agents, or independent contractors (such as an "area developer") may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).

3.8 *Our Decision-Making*. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: **(a)** to take into account, as we see fit, the effect on, and the interests of, other franchised and company-owned or affiliated businesses and systems; **(b)** to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; **(c)** to test market various items in some or all parts of the System; **(d)** to introduce new proprietary items and non-proprietary items or operational equipment; and/or **(e)** to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section, and that nothing in this Section will in any way affect your obligations under this Agreement.

3.9 *Confirmation of Performance*. After we have performed our pre-opening obligations to you under this Agreement, we may ask that you execute and deliver to us a confirmation (the "**Confirmation of Performance**"), in a form we reasonably request, confirming that we have performed those obligations. If we ask you to provide us with such a certificate, you agree to execute and deliver the Confirmation of Performance to us within three (3) business days after our request. However, if you do not reasonably believe that we have performed all of our pre-opening obligations, you must, within that same three (3) day period, provide us with written notice specifically describing the obligations that we have not performed. Not later than three (3) business days after we complete all the obligations that you specified in that notice, you agree to execute and deliver the Confirmation of Performance to us. You agree to do so even if we performed such obligations after the time performance was due under this Agreement. The term "pre-opening obligations" means the obligations we have to you under this Agreement that must be performed before the date when your Franchised Business starts operating.

4 FEES; SALES REPORTING

4.1 *Initial Franchise Fee*. You agree to pay us an initial franchise fee in the amount as set out in the Data Addendum (Attachment A) (the "**Initial Franchise Fee**"). The Initial Franchise Fee is due and payable to us on the day that you sign this Agreement. The Initial Franchise Fee is

not refundable in consideration of administrative and other expenses that we incur in granting this franchise and for our lost or deferred opportunity to grant a franchise to other parties.

4.2 *Royalty Fee and Sales Reports*. For each Month during the term of this Agreement, you agree to (**a**) pay us a continuing royalty fee in the amount equal to the greater of: (i) the percentage of monthly Gross Sales (defined below) of the Franchised Business as set out in the Data Addendum (Attachment A) ("**Royalty Fee**"); or (ii) the Minimum Royalty (as defined in the Data Addendum (Attachment A) ("**Minimum Royalty**")); and (**b**) report to us, in the form and manner that we specify, your Gross Sales (a "**Sales Report**"). As used in this Agreement:

4.2.1 the term "**Month**" means a calendar month or such other four (4) to five (5) week period that we may designate (provided that there will not be more than 13 "Months" during any year); and

4.2.2 the term "**Gross Sales**" means all revenue from the sale of all Services and products and all other income of every kind and nature related to, derived from, or originating from the Franchised Business (whether or not permitted under this Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. Gross Sales excludes: (a) any legitimate and reasonable discounts and/or refunds that you provide to customers; and (b) sales taxes or other taxes that you collect from your customers and actually pay to the appropriate taxing authorities.

4.3 *Due Date*. All payments required by Section 4.2 above and Section 13 below, and the Sales Report required under Section 4.2 above, must be paid and submitted so that they are received by us, in our offices, by 5:00pm (Tucson, Arizona time) on the tenth (10^{th}) day of each Month, based on the Gross Sales of the Franchised Business during the previous Month just ended. In addition, you agree to all of the following:

4.3.1 You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12 below, at the time and in the format that we reasonably request.

4.3.2 You agree to make payments to us in such manner as we may periodically require, including by credit card or electronic funds transfer. If we establish an arrangement for electronic funds transfer, you must, among other things, agree to sign and return to us our current form of "Authorization Agreement for ACH or Credit Card Payments," a copy of which is attached to this Agreement as Attachment D (and any replacements for that form that we deem to be periodically needed to implement this Section 4.3.2), and you agree to; **(a)** comply with the payment and reporting procedures that we may specify in the Manual or otherwise in writing; and **(b)** maintain an adequate balance in your bank account at all times to pay by electronic means the charges that you owe under this Agreement. If we elect to use ACH or credit card withdrawal to sweep payment of fees, then you will not be required to submit a separate payment to us unless you do not maintain sufficient funds to pay the full amount due.

4.3.3 You acknowledge and agree that your obligations to make full and timely payment of Royalty Fees (and all other sums due to us) are absolute, unconditional, fully-earned (by us), and due when you are open and in operation.

4.3.4 You agree that you will not, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set-

off payments due to us against any claims or alleged claims that you may allege against us, the Area Advertising Program, affiliates, suppliers, or others.

4.3.5 You agree that if you do not provide us, as requested, with access to your computer system to obtain sales information or, if we require pursuant to Section 12.1.4 below or otherwise, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any Month(s) that we choose (which may be those with your highest grossing sales), and that you agree to pay the royalties on that amount (whether by check or by our deduction of that amount from your direct debit account).

4.3.6 You agree that you will not, whether on grounds of alleged non-performance by us or others, withhold payment of any fee, including, without limitation, Royalty Fees, nor withhold or delay submission of any reports due under this Agreement.

4.4 *No Subordination*. You agree: (**a**) not to subordinate to any other obligation your obligation to pay us the royalty fee and/or any other amount payable to us, whether under this Agreement or otherwise; and (**b**) that any such subordination commitment that you may give without our prior written consent will be null and void.

4.5 *Late Payment*. If we do not receive any payment due under this Agreement (and if the appropriate marketing fund does not receive payment due) on or before the due date, then that amount will be deemed overdue. If any payment is overdue, then you agree to pay us, in addition to the overdue amount, a delinquent charge of fifty Dollars ($50) plus interest on the overdue amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum (but not more than the maximum rate permitted by law, if any such maximum rate applies). Our entitlement to such interest will be in addition to any other remedies we may have. Any report that we do not receive on or before the due date will also be deemed overdue.

4.6 *Other Funds Due*. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any amounts that we have paid, that we have become obligated to pay, and/or that we choose to pay on your behalf.

4.7 *Sales Goal.* Your Gross Sales must increase a minimum of five percent (5%) during each year of operation of your Franchised Business, following the first year of operation. You agree this is a reasonable sales goal. Your performance will be measured primarily by results in your Protected Territory.

4.8 *Software Access Fees.* You must purchase a subscription from a designated third party manufacturer for customized software. You must pay them a monthly nonrefundable computer fee for access, hosting services, support services, training services, and other services we approve or designate ("**Software Access Fee(s)**"), as set forth by the manufacturer. The manufacturer may revise its fees from time to time.

4.9 *Index*. We have the right to adjust, for inflation, all fixed-dollar amounts under this Agreement (except for the Initial Franchise Fee) once a year to reflect changes in the Index from the year in which you signed this Agreement. For the purpose of this Section 4.8, the term "**Index**" means the Consumer Price Index (1982-84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor Statistics ("**BLS**"). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

5 FRANCHISED BUSINESS COMMENCEMENT

5.1 *Opening the Franchised Business.* You must begin operation of the Franchised Business within ninety (90) days following the Effective Date. **Time is of the essence**.

5.2 *Relocation*. You agree not to relocate the Approved Office of the Franchised Business without our prior written consent. We will have the right to grant or to withhold our approval of any proposed location or relocation and, if our approval is granted, you understand that our approval will not be deemed to be our guarantee, representation, or assurance that your Franchised Business will be profitable or successful at that location or elsewhere.

5.3 *Pre-Opening*. Before opening for business, you agree to meet all of the pre-opening requirements specified in this Agreement, the Manual, and/or that we may otherwise specify in writing.

6 CONTROLLING OWNER, PERSONNEL, AND TRAINING

6.1 *Controlling Owner and Management*.

6.1.1 If you are a corporation, partnership or LLC, you must have an individual owner serve as your "**Controlling Owner**." The Controlling Owner must supervise the operation of the Franchised Business and must own at least fifty percent (50%) of the voting and ownership interests in the franchisee entity, unless you obtain our prior written approval for the Controlling Owner to hold a smaller interest. The Controlling Owner must have qualifications reasonably acceptable to us to serve in this capacity, complete our training program as described below, must have authority over all business decisions related to the Franchised Business, must have the power to bind you in all dealings with us, and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Attachment B. You may not change the Controlling Owner without our prior written approval.

6.1.2 The Franchised Business must at all times be under the active full-time management of either you or the Controlling Owner who has successfully completed (to our satisfaction) our initial training program. You must, at all times, actively promote the Services and products offered by the Franchised Business, and use best efforts to cultivate, develop and expand the market for these Services and products within the Protected Territory. You (or, if you are an entity, the Controlling Owner) shall devote full time and best efforts to the management and operation of the Franchised Business.

6.1.3 The term "**Specially Trained Management Personnel**" is agreed to mean the Controlling Owner, the Certified Manager (defined below) and any other individuals who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such performs in the Franchised Business.

6.2 *Initial Management Training*. Before opening your Business, you (or if you are an entity, your Controlling Owner), and one (1) additional management individual (the "**Certified Manager**"), must attend and successfully complete, to our satisfaction, the initial training program we offer for Truly Nolen Business franchisees at our headquarters or another location that we specify (or online). The Certified Manager shall be primarily responsible for oversight of the application of pesticides for your Franchised Business, and must always be, fully qualified and licensed under all applicable laws and regulations to provide all of the types of Services designated in Attachment A to this Agreement to be provided by your Franchised Business. You may send

up to two (2) individuals (including the Specially Trained Management Personnel) to the initial training program. If you ask to send more than two (2) individuals to the initial training program, you agree to pay us a training fee in the amount of Five Hundred Dollars ($500) for each individual to be trained, with payment to be made in full before training starts.

6.3 *Additional Obligations and Terms Regarding Training*.

6.3.1 If you (or your Controlling Owner) ceases active management or employment at the Franchised Business, or if we disapprove of the service of you (or your Controlling Owner) in a specific role (but not as an employee), or if we revoke the certification of you (or your Controlling Owner) to serve in that capacity, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within thirty (30) days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so.

6.3.2 We may require that you and your Specially Trained Management Personnel attend such refresher courses, seminars, and other training programs as we may reasonably require periodically.

6.3.3 We may require you to enroll each of your employees in web-based training programs relating to the Services and products that each will assist in providing to customers of the Business.

6.3.4 All of your trainees must sign and deliver to us a personal covenant of confidentiality in substantially the form of Attachment F to this Agreement.

6.3.5 Training Costs and Expenses.

6.3.5.1 We will bear the cost of providing the instruction and required materials, except as otherwise provided in Sections 6.2 and 6.5 of this Agreement.

6.3.5.2 You agree to bear all expenses incurred in connection with any training, including without limitation the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance for you and your employees.

6.3.5.3 You also agree to cover all of your employees at all times (including the pre-opening period, and including those attending training) under the insurance policies required in Section 15 below.

6.3.5.4 We have the right to reduce the duration or content of the training program for any trainee who has prior experience with our System or in similar businesses.

6.4 *Additional On-Site Training*. You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program and/or the opening of the Franchised Business, and if we are able to do so, then you agree to pay us our then-current per diem training charges as well as our out-of-pocket expenses. Additionally, if we determine that you are not operating the Franchised Business in accordance with our standards as set forth in the Manual, we may place you in default of this Agreement and/or require you and/or your employees to complete additional training at the Franchised Business or a location that

we designate, at your expense, which will include our then-current per diem training charges and our out-of-pocket expenses for any training conducted at your Franchised Business.

6.5 *Conventions and Meetings*. You agree to attend the annual conventions and monthly meetings that we may periodically require. You will be responsible for all costs of attendance for all attendees, including travel, room and board, and your employees' wages, benefits and other expenses. At least one (1) individual representing the Franchised Business (whether the Controlling Owner, Certified Manager, or other employee of the Franchised Business) must attend each convention and meeting. If you fail to send at least one representative to an annual convention, you must pay us a fee of Three Hundred Dollars ($300) for each convention missed, which fee will be payable to us at the time your Royalty Fee is due in the month following the convention. If you fail to send at least one representative to at least 75% of the monthly meetings held during a calendar year (pro rated for franchisees that begin operations during the year), you must pay us a fee of One Hundred Dollars ($100) for each meeting missed, which fee will be payable to us at the time your December Royalty Fee is due in January of the year following the applicable year.

7 PURCHASING AND SUPPLY OF PRODUCTS

While your Business will focus principally on the provision of Services, you will also offer certain products at your Business. This Section 7 addresses those items.

7.1 *Products*. You agree to buy all chemicals, pesticides, application equipment, supplies, clothing with the Truly Nolen Marks, and other products and materials required for the operation of your Franchised Business only from suppliers as to whom we have given you our prior written approval (and that we have not later disapproved). In this regard, the parties further agree:

7.1.1 In determining whether we will approve any particular supplier, we will consider various factors, including: **(a)** whether the supplier can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for such items; **(b)** whether the supplier has adequate quality controls and capacity to supply your needs promptly and reliably; **(c)** whether approval of the supplier would enable the System, in our sole opinion, to take advantage of marketplace efficiencies; and **(d)** whether the supplier will sign a confidentiality agreement and a license agreement in the form that we may require (which may include a royalty fee for the right to use our Proprietary Marks and any other proprietary rights, recipes, and/or formulae).

7.1.2 For the purpose of this Agreement, the term "**supplier**" includes, but is not limited to, manufacturers, distributors, resellers, and other vendors.

7.1.3 You acknowledge and agree that we have the right to appoint only one supplier for any particular product or item (which may be us or one of our affiliates).

7.1.4 You agree to offer and sell only Services and products at the Franchised Business. You may not offer or sell anything at the Franchised Business that is not a Service or a product.

7.1.5 If you want to buy any products or any item from an unapproved supplier (except for proprietary items, which are addressed in Section 7.2 below), then you must first submit a written request to us asking for our prior written approval. You agree not to

buy from any such supplier unless and until we have given you our prior written consent to do so. We have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory that we have designated for testing. You (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. We have the right to also require that the supplier comply with such other requirements that we have the right to designate, including payment of reasonable continuing inspection fees and administrative costs and/or other payment to us by the supplier on account of their dealings with you or other franchisees, for use of our trademarks, and for services that we may render to such suppliers. We also reserve the right, at our option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria. We are not required to approve any particular supplier, nor to make available our standards, specifications, or formulas to prospective suppliers, which we have the right to deem confidential.

7.1.6 You agree we have the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply all or some Truly Nolen Businesses with some or all of the products and/or services that we require for use and/or sale in the development and/or operation of Truly Nolen Businesses, notwithstanding anything to the contrary contained in this Agreement. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all products and other products and services, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of Truly Nolen Businesses. We have the right to approve or disapprove of the suppliers who may be permitted to sell products to you. Any of our affiliates that sell products to you will do so at our direction. If you are in default of this Agreement, we reserve the right to direct our affiliates not to sell products to you, or to withhold certain discounts which might otherwise be available to you.

7.1.7 You acknowledge and agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon your purchases of products and other goods and services. These Allowances include those based on purchases of products, other products, paper goods, beverages, and other items (such as packaging). You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances without restriction.

7.1.8 If we require you to offer and sell items that bear our Proprietary Marks, or to use items that bear our Proprietary Marks, then you must buy, use, and sell only the items that we require, and you must buy those items only from our approved suppliers.

7.2 *Proprietary Items*. You acknowledge and agree that: (**a**) we have the right to require that certain items that you offer at the Franchised Business must be produced in accordance with our proprietary standards and specifications (and/or those of our affiliates), and that such items are our proprietary products; and (**b**) we have the right to require that you purchase and offer branded non-proprietary private-label products at your Business. In order to maintain the high standards of quality and uniformity associated with proprietary items, and other products and packaging bearing the Proprietary Marks, you agree to purchase those proprietary items and products, as well as any packaging bearing the Proprietary Marks (and any other products we

may now or in the future designate), only from us, our affiliates, and/or our approved suppliers, and not to offer or sell any other such products at or from the Franchised Business. We have the right to determine whether any particular item will be a "Proprietary Item."

7.3 *Use of the Marks*. You must require all marketing materials, signs, vehicle signs, decorations, paper goods (including, without limitation, and all forms and stationery used in the Franchised Business), and other items which we may designate to bear the Proprietary Marks in the form, color, location, and manner we prescribe (and subject to our prior written approval, for example as provided in Section 13.5 below).

7.4 *Manufacturing*. You agree that you will not manufacture any items in the Franchised Business, including products that we have otherwise authorized and approved for production.

8 YOUR DUTIES

In addition to all of the other duties specified in this Agreement, for the sake of brand enhancement and protection, you agree to all of the following:

8.1 *Importance of Following Standards*. You understand and acknowledge that every detail of the Franchised Business is important to you, to us, and to other "Truly Nolen" franchisees and licensees in order to develop and maintain high operating standards, to provide superior customer service to customers, to increase the demand for the Services and products sold, by all franchisees, and to protect and enhance the reputation and goodwill associated with our brand.

8.2 *Opening*. In connection with the opening of the Franchised Business:

8.2.1 You agree to conduct, at your expense, such promotional and marketing activities as we may require.

8.2.2 You agree to open the Franchised Business by the date specified in Section 5.1 above. Subject to availability and scheduling, we will send a representative to be present when you commence operations. If we cannot provide our representative on the date that you propose to first open the Franchised Business for business, then you must reschedule such opening to a date on which our representative can be present; provided, that we will not unreasonably delay the commencement of operations at the Franchised Business due to these considerations.

8.2.3 You agree not to commence operations of the Franchised Business until the Specially Trained Management Personnel have successfully completed all training that we require, and not until you have hired and trained to our standards a sufficient number of employees to service the anticipated level of the Franchised Business' customers.

8.2.4 In addition, you agree not to commence operations of the Franchised Business until the Initial Franchise Fee and any other amounts due to us (and our affiliates) under this Agreement or any other agreements have been paid.

8.3 *Staffing*.

8.3.1 You agree to maintain a competent, conscientious staff in numbers sufficient to promptly service customers and to comply with staffing and service criteria, which may include, without limitation, specified positions that we may periodically designate as necessary or appropriate for providing quality member experience according to our

standards. We will provide our requirements for service/function positions that we may establish from time to time and which will be set forth in our Manuals. We reserve the right to require you to employ additional staff if we determine that you are not meeting our standards with respect to customer service and quality of performance.

8.3.2 For the sake of efficiency and to enhance and protect our brand you and your staff must, at all times, cooperate with us and with our representatives, and conduct the operation of the business in a first-class and professional manner in terms of dealing with customers, vendors, and our staff as well. We have the ongoing right, at any time, to conduct and update background checks on you and each of your personnel.

8.3.3 Your employees must comply with such dress code or standards as we may require, which may include use of branded (or other "**uniform**") apparel, and otherwise identify themselves with the Proprietary Marks at all times in the manner we specify (whether in the Manual or otherwise in writing) while on a job for the Franchised Business. We may also require that you and your employees comply with personal appearance standards (including dress code, shoes, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays at work stations, etc.).

8.3.4 You must respond to all calls to the Franchised Business, including but not limited to prospective customer inquiries and existing customer service calls, within twenty-four (24) hours. We may require you to use an outside call service at your expense if you are unable to comply with this requirement, in our good faith business judgment.

8.4 *Operation According to Our Standards.* To insure that the highest degree of quality and service is maintained, you agree to operate your Franchised Business in strict conformity with such methods, standards, and specifications that we may periodically require in the Manual or otherwise in writing. In this regard, you agree to do all of the following:

8.4.1 You agree to maintain in sufficient supply, and to offer and/or sell at all times only the Services and products that meet our written standards and specifications, and you also agree not to deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent.

8.4.2 You agree: (**a**) to sell or offer for sale only those Services and products that we have approved in writing for you to sell at your Franchised Business; (**b**) to sell or offer for sale all those Services and products, employing the techniques that we specify in writing; (**c**) not to deviate from our standards and specifications, including manner of maintenance of your equipment and products and the operation and maintenance of vehicles; (**d**) to stop selling and offering for sale any Services or products that we at any time disapprove in writing (recognizing that we have the right to do so at any time); (**e**) to purchase (or lease) and use certain vehicles, and only those vehicles, that we have approved and that meet our minimum standards and specifications that we will periodically specify; and (**f**) that if you propose to deviate (or if you do deviate) from our standards and specifications, whether or not we have approved the deviation, that deviation will become our property.

8.4.3 You agree to permit us, or our agents, at any reasonable time, to inspect the products, equipment, and supplies (including pesticides), and to remove samples of items or products, without payment, in amounts reasonably necessary for testing by us or an independent third party to determine whether the products, equipment, supplies or samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of

such testing if we had not previously approved the supplier of the item or if the sample fails to conform to our specifications.

8.4.4 *Vehicles and Signs*.

8.4.4.1 You agree to buy and install, at your expense, all of the fixtures, vehicles, equipment, furnishings, and signs that we may specify.

8.4.4.2 Before beginning operation of your Franchised Business, you must buy, lease or obtain a car with mouse ears and a tail fastened to the vehicle (a "**Mouse Car**"), in accordance with the sample we provide to you, for marketing purposes, and one service truck or vehicle, or an approved "combination" vehicle (which must have mouse ears). You must utilize the Mouse Car in the management and sale areas of your Franchised Business. You may purchase a Mouse Car or service vehicle from us, our affiliate or from any third party. You must purchase "mouse" equipment and signs only from us, our affiliate or from a third party we designate. No particular style of vehicle is required, but we must approve the vehicle in advance. You shall ensure that, at all times, your vehicles are properly insured, according to our standards and/or as mandated by local law, and properly maintained. The vehicles must be kept in a neat and clean condition at all times. If you replace a Mouse Car and/or service vehicle during the term of this Agreement, you shall inform us of such replacement, and any such replacement shall meet our standards and specifications.

8.4.4.3 Without limiting Section 8.4.4.1 and 8.4.4.2 above and Section 8.7 below, you agree that in connection with operating the Franchised Business, you will purchase (or lease) and operate at all times during the term of this Agreement, only approved vehicles in accordance with the Manual. In additional to all other requirements in the Manual, these vehicles must be fully operational and roadworthy, and display the wrapping and/or signage that we may periodically require. You and your employees must at all times use the vehicles only for the Franchised Business in connection with providing Services for the Franchised Business and not for any other personal or business reason.

8.4.4.4 You also agree to replace the vehicles used in connection with the Franchised Business at your expense to meet our then-current specifications and design standards for vehicles (collectively, "**Vehicle Upgrades**"). However, we will not require you to make a Vehicle Upgrade more than once every five (5) years (and not in an economically unreasonable amount); provided, however, that we may require remodeling or Vehicle Upgrades more often if remodeling or Vehicle Upgrades are required as a pre-condition to renewal (as described in Section 2.2.2 above).

8.4.5 If a threat or danger to public health or safety results from the maintenance or operation of the Franchised Business, you agree to immediately suspend operation of the Franchised Business, notify us in writing, and not resume operation until the threat or danger is fully remedied.

8.5 *Hours and Days of Operation.* You agree to operate the Franchised Business during such hours and days as we may periodically specify in the Manual or as we may otherwise approve in writing.

8.6 *Health Standards and Operating Codes*. You agree to fully and faithfully comply with all Operating Codes applicable to your Franchised Business. You will have the sole responsibility to fully and faithfully comply with any Operating Codes, and we will not review whether you are in compliance with any Operating Codes. The term "**Operating Codes**" means applicable federal, state, and local laws, codes, ordinances, and/or regulations that apply to the Services, products, and other aspects of operating the Franchised Business. You agree to provide to us, within three (3) days of your receipt, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Franchised Business. You must also obtain and maintain during the term of this Agreement all licenses and approvals from any governmental or regulatory agency required for the operation of the Franchised Business or provision of the Services you will offer, sell, and provide. Where required, you must obtain the approval of any regulatory authority with jurisdiction over the operation of your Franchised Business. You acknowledge that we will have no liability to you or any regulatory authority for any failure by you to obtain or maintain during the term of this Agreement any necessary licenses or approvals required for the operation of the Franchised Business.

8.7 *Upgrading.* You agree to upgrade the Franchised Business at your expense to conform to our then-current standards and requirements concerning presentation of the Proprietary Marks in a manner consistent with the then-current image for new Truly Nolen Businesses (in addition to the requirements of Section 8.4.4.4 above).

8.8 *Use of the Proprietary Marks*. You will require all marketing and promotional materials, signs, decorations, merchandise, any and all replacement trade dress products, and other items that we may designate to bear our then-current Proprietary Marks and logos in the form, color, location, and manner that we have then-prescribed.

8.9 *If You Are an Entity:*

8.9.1 *Corporate Franchisee*. If you are a corporation, then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; **(c)** not issue any voting securities or securities convertible into voting securities; and **(d)** maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request.

8.9.2 *Partnership/LLP Franchisee*. If you are a partnership or a limited liability partnership (LLP), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto; **(c)** prepare and furnish to us, upon request, a current list of all of your general and limited partners; and **(d)** consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.

8.9.3 *LLC Franchisee*. If you are a limited liability company (LLC), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** furnish us with a copy of your articles of organization and operating agreement, as

well as such other documents as we may reasonably request, and any amendments thereto; **(c)** prepare and furnish to us, upon request, a current list of all members and managers in your LLC; and **(d)** maintain stop transfer instructions on your records against the transfer of equity securities and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

8.9.4 *Guarantees*. You agree to obtain, and deliver to us, a guarantee of your performance under this Agreement and covenant concerning confidentiality and competition, in the form attached as Attachment B, from each current and future direct and indirect: **(a)** shareholder of a corporate Franchisee; **(b)** member of a limited liability company Franchisee; **(c)** partner of a partnership Franchisee; and/or **(d)** partner of a limited liability partnership Franchisee.

8.10 *Quality-Control and Customer Survey Programs.* We may periodically designate an independent evaluation service to conduct a "mystery shopper," "customer survey," and/or similar quality-control and evaluation programs with respect to Truly Nolen Businesses. You agree to participate in such programs as we require, and promptly pay the then-current charges of the evaluation service. If you receive an unsatisfactory or failing report in connection with any such program, then you agree to: **(a)** immediately implement any remedial actions we require; and **(b)** reimburse us for the expenses we incur as a result thereof (including the cost of having the evaluation service re-evaluate the Franchised Business, our inspections of the Franchised Business, and other costs or incidental expenses).

8.11 *Prices*. You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the Services and products offered and sold from the Franchised Business under this Agreement. You will have the right to set the prices that you will charge to your customers; provided, however, that (subject to applicable law): **(a)** if we have set a maximum price for a particular item, then you may charge any price for that item up to and including the maximum price we have set; and **(b)** if we have set a minimum price for a particular item, then you may charge any price for that item that is equal to or above the minimum price we have set.

8.12 *Environmental Matters*. We are committed to working to attain optimal performance of Truly Nolen Businesses with respect to environmental, sustainability, and energy performance. We each recognize and agree that there are changing standards in this area in terms of applicable law, competitors' actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Manual, and you agree to abide by those standards.

8.13 *Innovations.* You agree to disclose to us all ideas, concepts, methods, applications, techniques and products conceived or developed by you, your affiliates, owners and/or employees during the term of this Agreement relating to the development and/or operation of the Truly Nolen Businesses. All such products, services, concepts, methods, applications, techniques, and new information will be deemed to be our sole and exclusive property and works made-for-hire for us. You hereby grant to us (and agree to obtain from your affiliates, owners, employees, and/or contractors), a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, applications, techniques and products in any businesses that we and/or our affiliates, franchisees and designees operate. We will have the right to use those ideas, concepts, methods, applications, techniques, and/or products without making payment to you.

You agree not to use or allow any other person or entity to use any such concept, method, application, technique or product without obtaining our prior written approval.

8.14 *National Accounts*.

8.14.1 We will have the exclusive right, unless otherwise specifically delegated in writing, on behalf of us, you, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Account" customers, including any affiliate, company owned or franchised locations within the Protected Territory.

8.14.2 Upon completion of your initial training, you must sign up to receive National Account business and must service any National Accounts we refer to you in accordance with the National Account contract and the guidelines set forth in the Manual, including any Services requirements identified in the Manual.

8.14.3 Any dispute as to whether a particular customer is a National Account will be determined by us and our determination will be final and binding.

8.14.4 Following the execution of a contract with or the acceptance of a bid by a National Account customer which contemplates the provision of Services to one or more National Account customer locations within or outside of the Protected Territory, we will, if you are qualified to perform the Services and conditioned upon your substantial compliance with the terms of this Agreement and any addendum, refer the National Account to you, and you must perform such Services pursuant to the terms and conditions of the National Account contract and the guidelines contained in the Manual.

8.14.5 For all Services provided to a National Account, you must submit paperwork to us within the scope of time designated by (and that we have negotiated with) each National Account. You acknowledge and agree that for all Services provided to National Accounts, you will receive seventy-five percent (75%) of the Gross Sales for Services provided to that National Account, and we will receive twenty-five percent (25%) of the Gross Sales for Services provided to that National Account.

8.14.6 If you fail to provide services to a National Account customer in conformity with the terms and conditions of the National Account contract, the Manual, or this Agreement, we will have the right to:

8.14.6.1 Terminate this Agreement in accordance with Section 17.3.1; and/or

8.14.6.2 Provide, directly or through any other licensee or franchisee utilizing the Proprietary Marks, services to that or all National Account customer location(s) within the Protected Territory on the terms and conditions contained in the National Account bid or contract; and/or

8.14.6.3 Contract with another party to provide such services to the National Account customer location(s) within the Protected Territory on the terms and conditions contained in the National Account bid.

8.14.7 Neither the direct provision by us (or our franchisee, licensee, or agent) of services to National Account customers as authorized in Section 8.14.6.2 above, nor our contracting with another party to provide such services as authorized in Section 8.14.6.3 above, will constitute a violation of Section 1.2 of this Agreement relating to

the territorial protections granted to you, even if such services are delivered from a location within the Protected Territory. You disclaim any compensation or consideration for work performed by others in the Protected Territory pursuant to this Section 8.14.

8.15 *Warranties*. You must comply with all termite inspection and pest control warranty programs that we periodically establish for the System, as specified in the Manuals. You must provide your customers with the required TNAI written limited warranties. You must also honor all requests for covered warranty Services to be provided within the Protected Territory, regardless of who issued the warranty, except that you are not required to provide warranty Service to any National Account located within the Protected Territory if you did not provide Services to that National Account location. If you have provided Services to an account location outside the Protected Territory (as provided for in Section 1.4), and if that account has not subsequently been sold to a third party, then you must also provide warranty Services to that account.

9 PROPRIETARY MARKS

9.1 *Our Representations*. We represent to you that we own (or have an appropriate license to) all right, title, and interest in and to the Proprietary Marks, and that we have taken (and will take) all reasonably necessary actions to preserve and protect the ownership and validity in, and of, the Proprietary Marks.

9.2 *Your Agreement*. With respect to your use of the Proprietary Marks, you agree that:

9.2.1 You will use only the Proprietary Marks that we have designated in writing, and you will use them only in the manner we have authorized and permitted in writing; and all items bearing the Proprietary Marks must bear the then-current logo.

9.2.2 You will use the Proprietary Marks only for the operation of the business franchised under this Agreement and only at the location authorized under this Agreement, or in franchisor-approved marketing for the business conducted at or from that location (subject to the other provisions of this Agreement).

9.2.3 Unless we otherwise direct you in writing to do so, you agree to operate and advertise the Franchised Business only under the name “Truly Nolen” without prefix or suffix.

9.2.4 During the term of this Agreement and any renewal of this Agreement, you will identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as we may designate in writing.

9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof will constitute an infringement of our rights.

9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.

9.2.7 You agree not to use the Proprietary Marks:

9.2.7.1 as part of your corporate or other legal name;

9.2.7.2 as part of your identification in any e-mail address, domain name, or other electronic medium (except as otherwise provided in Section 14.11.3 below); and/or

9.2.7.3 in connection with any employment or human-resources (H.R.) documents (including employment applications, paychecks, pay stubs, and employment agreements).

9.2.8 You agree to execute any documents that we (or our affiliates) deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

9.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:

9.2.9.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed under this Agreement. You acknowledge and agree that we will have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

9.2.9.2 If you used the Proprietary Marks in accordance with this Agreement, then we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof. If you used the Proprietary Marks in a manner that does not comply with this Agreement, then we will still defend you, but at your expense, against such third party claims, suits, or demands.

9.2.9.3 We agree to reimburse you for your out-of-pocket travel costs in doing such acts and things, and you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement, unless such litigation is the result of your use of the Proprietary Marks in a manner that does not comply with this Agreement.

9.2.9.4 To the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, then you agree to reimburse us (upon our request, which may be periodic and/or upon the conclusion of the proceedings) for the cost of such litigation and/or upon our written request, pay our legal fees directly (your obligation under this Section includes reasonable attorneys' fees, court costs, discovery costs, and all other related expenses, as well as the cost of any judgment or settlement).

9.2.9.5 If we undertake the defense or prosecution of any litigation or other similar proceeding relating to the Proprietary Marks, then you agree to sign any and all documents, and do those acts and things that may, in our counsel's opinion, be necessary to carry out the defense or prosecution of that matter (including becoming a nominal party to any legal action).

9.3 *Your Acknowledgements*. You expressly understand and acknowledge that:

9.3.1 We own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

9.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.

9.3.3 Neither you nor any of your owners, principals, or other persons acting on your behalf will directly or indirectly contest the validity or our ownership of the Proprietary Marks, nor will you, directly or indirectly, seek to register the Proprietary Marks with any government agency (unless we have given you our express prior written consent to do so).

9.3.4 Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

9.3.5 Any and all goodwill arising from your use of the Proprietary Marks will inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted as part of this Agreement, there will be no monetary amount assigned as attributable to any goodwill associated with your use of our System or of our Proprietary Marks.

9.3.6 The right and license of the Proprietary Marks that we have granted to you under this Agreement is non-exclusive, and we therefore have the right, among other things:

9.3.6.1 To use the Proprietary Marks ourselves in connection with selling Services and products;

9.3.6.2 To grant other licenses for the Proprietary Marks, in addition to licenses we may have already granted to existing franchisees; and

9.3.6.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises for those other marks without giving you any rights to those other marks.

9.4 *Change to Marks*. We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Proprietary Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different Proprietary Marks will be beneficial to the System. In such circumstances, you must immediately cease using any discontinued marks and must immediately begin using such substituted marks (including in your marketing materials), and your right to use the substituted proprietary marks will be governed by (and pursuant to) the terms of this Agreement.

10 CONFIDENTIAL MANUALS

10.1 *You Agree to Abide by the Manual*. In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you agree to conduct your business in accordance with the written instructions that we provide, including the Manual. We will lend to you (or permit you to have access to) one (1) copy of our Manual, only for the term of this Agreement, and only for your use in connection with operating the Franchised Business during the term of this Agreement.

10.2 *Format of the Manual*. We will have the right to provide the Manual in any format we determine is appropriate (including paper and/or by making some or all of the Manual available to you only in electronic form, such as through an internet website or an extranet). If at any time we choose to provide the Manual electronically, you agree to immediately return to us any and all physical copies of the Manual that we have previously provided to you.

10.3 *We Own the Manual*. The Manual will at all times remain our sole property and you agree to promptly return the Manual when this Agreement expires or if it is terminated.

10.4 *Confidentiality and Use of the Manual*.

10.4.1 The Manual contains our proprietary information and you agree to keep the Manual confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. Whenever the Manual is not in use by authorized personnel, you agree to maintain secure access to the Manual at the Franchised Business, and you agree to grant only authorized personnel (as defined in the Manual) with access to the security protocols for the Manual.

10.4.2 You agree to never make any unauthorized use, disclosure, and/or duplication the Manual in whole or in part.

10.5 *You Agree to Treat Manual as Confidential*. You agree that at all times, you will treat the Manual, any other manuals that we create (or approve) for use in the operation of the Franchised Business, and the information contained in those materials, as confidential, and you also agree to use your best efforts to maintain such information as secret and confidential. You agree that you will never copy, duplicate, record, or otherwise reproduce those materials, in whole or in part, nor will you otherwise make those materials available to any unauthorized person.

10.6 *Which Copy of the Manual Controls*. You also agree that if there is any dispute as to the contents of the Manual, the terms of the master copy of the Manual that we maintain in our home office will be controlling. Access to any electronic version of the Manual will also be subject to our reasonable requirements with respect to security and other matters, as described in Section 14 below.

10.7 *Revisions to the Manual*. We have the right to revise the contents of the Manual whenever we deem it appropriate to do so, and you agree to comply with each new or changed standard.

10.8 *Modifications to the System*. You recognize and agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques, as if they were part of this Agreement at the time when you and we signed this Agreement; provided the financial burden placed upon you is not substantial). You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section and otherwise in this Agreement.

11 CONFIDENTIAL INFORMATION

11.1 *Confidentiality*.

11.1.1 You agree that you will not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use (for yourself and/or for the benefit of any other person,

persons, partnership, entity, association, or corporation) any Confidential Information that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You agree that you will divulge our Confidential Information only to those of your employees as must have access to it in order to operate the Franchised Business.

11.1.2 Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed Confidential Information for purposes of this Agreement, except information that you can demonstrate came to your attention before disclosure of that information by us; or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by another party that has the right to publish or communicate that information.

11.1.3 Any employee who may have access to any Confidential Information regarding the Franchised Business must execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with you. Such covenants must be on a form that we provide, which form will, among other things, designate us as a third party beneficiary of such covenants with the independent right to enforce them.

11.1.4 As used in this Agreement, the term "**Confidential Information**" includes, without limitation, our business concepts and plans, pesticide information and application techniques, operating techniques, marketing methods, processes, vendor information, results of operations and quality control information, financial information, demographic and trade area information, market penetration techniques, plans, or schedules, the Manuals, customer profiles, preferences, or statistics, itemized costs, franchisee composition, territories, and development plans, and all related trade secrets or other confidential or proprietary information treated as such by us, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made prior to or at the time any Confidential Information is disclosed to you.

11.1.5 You acknowledge and agree that the terms of this Agreement, and all discussions you have had with us regarding this Agreement and the System, are also deemed to be Confidential Information and must not be communicated, disclosed or divulged to any other party.

11.2 *Consequences of Breach*. You acknowledge and agree that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including, without limitation, reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

12 ACCOUNTING, FINANCIAL AND OTHER RECORDS, AND INSPECTIONS

12.1 *Accounting Records and Sales Reports*.

12.1.1 With respect to the operation and financial condition of the Franchised Business, we will have the right to designate, and you agree to adopt, the fiscal year and interim

fiscal periods that we decide are appropriate for the System. You must also use a third party payroll service provider that we have approved.

12.1.2 With respect to the Franchised Business, you agree to maintain for at least seven (7) years during (as well as after) the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed periodically in the Manual or otherwise in writing, including: **(a)** daily cash reports; **(b)** cash receipts journal and general ledger; **(c)** cash disbursements and weekly payroll journal and schedule; **(d)** monthly bank statements, daily deposit slips and cancelled checks; **(e)** all tax returns; **(f)** supplier's invoices (paid and unpaid); **(g)** dated daily and weekly cash receipt reports in accordance with our standards; **(h)** semi-annual fiscal period balance sheets and fiscal period profit and loss statements; **(i)** operational schedules and weekly inventory records; **(j)** records of promotion and coupon redemption; and **(k)** such other records that we may periodically and reasonably request.

12.1.3 We have the right to specify the accounting software and a common chart of accounts, and, if we do so, you agree to use that software and chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us. We have the right to require you to use only a designated bookkeeping service and an approved independent certified public accountant. You agree to provide to the accounting service provider complete and accurate information that we or the accounting service provider require, and agree that we will have full access to the data and information that you provide to the accounting service provider or through the designated program.

12.1.4 Each Month, you agree to submit to us, in the form we specify and/or utilizing our Required Software, a sales report for the immediately preceding Month. You agree to submit the report to us by whatever method that we reasonably require (whether electronically through your use of our Required Software or otherwise) for our receipt no later than the times required under Section 4.3 above. You agree that if do not submit those reports to us in a timely manner, we will have the right to charge you for the costs that we incur in auditing your records.

12.2 *Financial Statements*.

12.2.1 You agree to provide us, at your expense, and in a format that we reasonably specify, a complete annual financial statement prepared within ninety (90) days after the end of each fiscal year of the Franchised Business during the term of this Agreement. Your financial statement must be prepared according to generally accepted accounting principles, including a fiscal year-end balance sheet, an income statement of the Franchised Business for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Franchised Business during the most recently completed fiscal year.

12.2.2 In addition, no later than the twentieth (20th) day after each Month (or, if we elect, other periodic time period) during the term of this Agreement after the opening of the Franchised Business, you will submit to us, in a format acceptable to us (or, at our election, in a form that we have specified): **(a)** a fiscal period and fiscal year-to-date profit and loss statement and a quarterly balance sheet (which may be unaudited) for the Franchised Business; **(b)** reports of those income and expense items of the Franchised Business that we periodically specify for use in any revenue, earnings,

and/or cost summary we choose to furnish to prospective franchisees (provided that we will not identify to prospective franchisees the specific financial results of the Franchised Business); and **(c)** copies of all state sales tax and federal income tax returns for the Franchised Business.

12.2.3 You must certify as correct and true all reports and information that you submit to us pursuant to this Section 12.2.

12.2.4 You agree that upon our request, and for a limited period of time, you will provide us (and/or our agents, such as our auditors) with passwords and pass codes necessary for the limited purpose of accessing your Computer System (defined below) in order to conduct the inspections specified in this Section 12. You also agree that you will change all passwords and pass codes after the inspection is completed.

12.3 *Additional Information*. You also agree to submit to us (in addition to the sales reports required pursuant to Section 12.1.4 above), for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate, in the form and format, and at the times and places as we may reasonably require, upon request and as specified periodically in the Manual or otherwise in writing, including: **(a)** information in electronic format; **(b)** restated in accordance with our financial reporting periods; **(c)** consistent with our then-current financial reporting periods and accounting practices and standards; and/or **(d)** as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Franchised Business and/or our company. The reporting requirements of this Section 12.3 will be in addition to, and not in lieu of, the electronic reporting required under Section 14 below.

12.4 *PCI Compliance and Credit Cards*. With respect to your acceptance and processing of customer payments by credit and debit cards, you agree to do all of the following:

12.4.1 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Payment Vendors**") that we may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment, including "Apple Pay", "Google Wallet", as well as other vendors' mobile and other payment applications). The obligations specified in this Section include your agreement to pay the applicable charges imposed by the Payment Vendors for participation in, and transactions conducted through, those methods.

12.4.2 You agree not to use any Payment Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.

12.4.3 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

12.4.4 You agree to comply with all of our policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (we may set these requirements in the Manual).

12.4.5 In addition to the other requirements of this Agreement to provide us with various information and reports, you agree to provide us with the information that we

reasonably require concerning your compliance with data and cybersecurity requirements.

12.4.6 You agree to comply with our requirements concerning data collection and protection, as specified in Section 14.3 below.

12.4.7 You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

12.5 *Gift Cards and Incentive Programs*. You agree to offer for sale, and to honor for purchases by customers all gift cards and other incentive or convenience programs that we may periodically institute (including loyalty programs that we or a third party vendor operate, as well as mobile payment applications); and you agree to do all of those things in compliance with our standards and procedures for such programs. For this purpose, you must purchase the software, hardware, and other items needed to sell and process gift cards, and to contact with the supplier of gift cards and gift card processing services, as we may specify in writing in the Manuals or otherwise. You must also pay such monthly and per-swipe transaction fees as may be required by the vendors of the gift card system. You agree not to sell, issue, or redeem coupons, gift certificates and gift cards other than gift cards that we have approved in writing.

12.6 *Our Right to Inspect Your Books and Records*. We have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your sales receipts, books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that you have understated any payments in any report to us, then this will constitute a default under this Agreement, and you agree to immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month (but not more than the maximum rate permitted by law, if any such maximum rate applies). If we conduct an inspection because you did not timely provide sales reports to us, or if an inspection discloses that you understated your sales, in any report to us (and/or underpaid your royalties), by two percent (2%) or more, or if you did not maintain and/or provide us with access to your records, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies will be in addition to any other remedies we may have. We may exercise our rights under this Section 12 directly or by engaging outside professional advisors (for example, a CPA) to represent us.

13 MARKETING

13.1 *Local Advertising Expenditure*. You acknowledge the value of advertising, and the importance of standardized advertising programs to the goodwill and public image of the System. You must spend each year on local advertising for the Franchised Business the percentage of your aggregate Gross Sales as set out in the Data Addendum (Attachment A) ("**Local Advertising Expenditure**"). We will determine the type of advertising that is considered local advertising but generally, in addition to local media and print advertising, the cost of purchasing items

imprinted with the Marks (such as signs (including vehicle signs), clothing with logos, forms and brochures) will count toward the requirements of this Section.

13.1.1 As used in this Agreement, the term "local advertising" will consist only of the direct costs of purchasing and producing marketing materials (including camera ready advertising and point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties expressly agree that local advertising may not include costs or expenses that you incur or that are spent on your behalf in connection with any of the following:

13.1.1.1 Salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities, or incentives provided or offered to such employees, including discount coupons;

13.1.1.2 Charitable, political, or other contributions or donations; and/or

13.1.1.3 The value of discounts provided to consumers.

13.1.2 The cost of directory listing advertising required by Section 14.9.4, and 800 number charges required by Section 14.9.1, will count toward the Local Advertising Expenditure as follows: up to ninety percent (90%) of your Local Advertising Expenditure in your first year; up to fifty percent (50%) of your Local Advertising Expenditure in your second year; and up to twenty percent (20%) of your Local Advertising Expenditure for your third year. The cost of your directory listing advertising and 800 number charges will not be counted toward the Local Advertising Expenditure after your third year. Your obligations under this Section are reduced by the amount you contribute to any Area Advertising Program that we may establish under Section 13.2 below for directory listings and 800 number advertising costs, but only in accordance with the 90%, 50% and 10% limitations stated above for your first, second and third year, respectively, and are also reduced for amounts contributed to any Area Advertising Program for any local media and print advertising.

13.2 *Area Advertising Program*. We have the right to designate any geographical area for purposes of establishing an Area Advertising Program. If an Area Advertising Program for the geographic area in which the Franchised Business is located has been established at the time you commence operations under this Agreement, you must immediately become a member of such Area Advertising Program. If an Area Advertising Program for the geographic area in which the Franchised Business is located is established during the term of this Agreement, you must become a member of such Area Advertising Program within thirty (30) days after the date on which the Area Advertising Program commences operation. In no event will you be required to join more than one Area Advertising Program. The following provisions will apply to each such Area Advertising Program:

13.2.1 Each Area Advertising Program will be organized and governed in a form and manner, and will commence operations on a date, all of which we must have approved in advance, in writing.

13.2.2 Each Area Advertising Program will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by the members in regional marketing.

13.2.3 No marketing, advertising or promotional plans or materials may be used by an Area Advertising Program or furnished to its members without our prior approval, pursuant to the procedures and terms as set forth in Section 13.5 below.

13.2.4 Once you become a member of an Area Advertising Program, you must contribute to an Area Advertising Program pursuant to the allocation that we specify, up to the amount of your Local Advertising Expenditure, at the time required under Section 4.3 above, together with such statements or reports that we, or the Area Advertising Program (with our prior written approval) may require. We also have the right to require that you submit your contributions and reports to the Area Advertising Program directly to us for distribution to the Area Advertising Program.

13.2.5 A majority of the Truly Nolen Business owners in the Area Advertising Program may vote to increase the amount of each Truly Nolen Business owner's contribution to the Area Advertising Program by up to an additional two percent (2%) of each Truly Nolen Business' Gross Sales. Voting will be on the basis of one vote per Truly Nolen Business. You must contribute to the Area Advertising Program in accordance with any such vote by the Area Advertising Program to increase each Truly Nolen Business' contribution as provided in this Section 13.2.5.

13.2.6 Although once established, each Area Advertising Program is intended to be of perpetual duration, we maintain the right to terminate any Area Advertising Program. An Area Advertising Program will not be terminated, however, until all monies in that Area Advertising Program have been expended for marketing purposes.

13.3 *Materials Available for Purchase*. We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.

13.4 *Standards*. All of your local marketing and promotion must: **(a)** be in the media, and of the type and format, that we may approve; **(b)** be conducted in a dignified manner; and **(c)** conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval, as specified in Section 13.5 below.

13.5 *Our Review and Right to Approve All Proposed Marketing*. For all proposed advertising, marketing, and promotional plans, you (or the Area Advertising Program, where applicable) must submit to us samples of such plans and materials (by means described in Section 24 below), for our review and prior written approval. If you (or the Area Advertising Program) have not received our written approval within fourteen (14) days after we have received those proposed samples or materials, then we will be deemed to have disapproved them. You acknowledge and agree that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign such documents (and, if necessary, require your employees and independent contractors to sign such documents) that we deem reasonably necessary to give effect to this provision.

13.6 *Rebates*. You acknowledge and agree that periodic rebates, giveaways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, giveaways, marketing programs, and other promotions that we establish and/or that other franchisees

sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.

13.7 *Considerations As to Charitable Efforts*. You acknowledge and agree that certain associations between you and/or the Franchised Business and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Proprietary Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that are, or which may be perceived by the public to be, taken in the name of, in connection or association with you, the Proprietary Marks, the Franchised Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

13.8 *Additional Marketing Expenditure Encouraged*. You understand and acknowledge that the Local Advertising Expenditure is a minimum requirement only, and that you may (and we encourage you to) spend additional funds for local advertising and promotion, which will focus on disseminating marketing directly related to your Franchised Business.

14 TECHNOLOGY

14.1 *Computer Systems and Required Software.* With respect to computer systems and required software:

14.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Truly Nolen Businesses, and in accordance with our standards, including without limitation: (***a***) back office systems; (***b***) systems to store data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Truly Nolen Businesses, between or among Truly Nolen Businesses, and between or among the Franchised Business, and you, and us; (***c***) physical, electronic, and other security systems and measures; (***d***) printers and other peripheral devices; (***e***) archival back-up systems; and (***f***) internet access mode (e.g., form of telecommunications connection) and speed; (collectively, all of the above are referred to as the "**Computer System**").

14.1.2 We will have the right, but not the obligation, to develop or have developed for us, or to designate: **(a)** computer software programs and accounting system software that you must use in connection with the Computer System (including applications, technology platforms, and other such solutions) ("**Required Software**"), which you must install; **(b)** updates, supplements, modifications, or enhancements to the Required Software, which you must install; **(c)** the media upon which you must record data; and **(d)** the database file structure of your Computer System. If we require you to use any or all of the above items, then you agree that you will do so.

14.1.3 You agree to install and use the Computer System and Required Software at your expense. You agree to pay us or third party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the Required Software, hardware, and other elements of the Computer System.

14.1.4 You agree to implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we may reasonably request in writing (collectively, "**Computer Upgrades**").

14.1.5 You agree to comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You agree to afford us unimpeded access to your Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.

14.1.6 You also agree that we will have the right to approve or disapprove your use of any other technology solutions (including beacons and other tracking methodologies).

14.2 *Data*.

14.2.1 You agree that all data that you collect, create, provide, or otherwise develop (including data saved, uploaded from your Computer System to our system, held by a vendor in connection with the Franchised Business, and/or downloaded to our system) is and will be owned exclusively by us, and that we will have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you.

14.2.2 You agree that all other data that you create or collect in connection with the System, and in connection with your operation of the Franchised Business (including customer information and transaction data), is and will be owned exclusively by us during the term of, and after termination or expiration of, this Agreement.

14.2.3 In order to operate your Franchised Business under this Agreement, we hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and for your use in connection with operating the Franchised Business. You acknowledge and agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data.

14.2.4 You agree to transfer to us all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request when made, whether periodically during the term of this Agreement, upon termination and/or expiration of this Agreement, any transfer of an interest in you, and/or a transfer of the Franchised Business.

14.3 *Data Requirements and Usage*. We may periodically specify in the Manual or otherwise in writing the information that you agree to collect and maintain on the Computer System installed at the Franchised Business, and you agree to provide to us such reports as we may reasonably request from the data so collected and maintained. In addition:

14.3.1 You agree to abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**").

14.3.2 You agree to comply with our standards and policies that we may issue (without any obligation to do so) pertaining to the privacy of consumer, employee, and transactional information. If there is a conflict between our standards and policies and Privacy Laws, you agree to: **(a)** comply with the requirements of Privacy Laws; **(b)** immediately give us written notice of such conflict; and **(c)** promptly and fully cooperate with us and our

counsel in determining the most effective way, if any, to meet our standards and policies pertaining to privacy within the bounds of Privacy Laws.

14.3.3 You agree to not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.

14.3.4 You agree to implement at all times appropriate physical and electronic security as is necessary to secure your Computer System, including complex passwords that you change periodically, and to comply any standards and policies that we may issue (without obligation to do so) in this regard.

14.4 *Extranet*. You agree to comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or such other computer systems as we may reasonably require. The term "**Extranet**" means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet. We may establish an Extranet (but are not required to do so or to maintain an Extranet). If we establish an Extranet, then you agree to comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of your Franchised Business. The Extranet may include, without limitation, the Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You agree to purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Extranet. You agree to execute and deliver to us such documents as we may deem reasonably necessary to permit you to access the Extranet.

14.5 *No Separate Online Sites*. Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Snapchat, Pinterest, Instagram, etc.), blogs, vlogs, applications to be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether they are now in existence or developed at some point in the future). However, if we give you our prior written consent to have some form of separate Online Site (which we are not obligated to approve), then each of the following provisions will apply:

14.5.1 You agree that you will not establish or use any Online Site without our prior written approval.

14.5.2 Any Online site owned or maintained by or for your benefit will be deemed "marketing" under this Agreement, and will be subject to (among other things) our approval under Section 13.5 above.

14.5.3 Before establishing any Online Site, you agree to submit to us, for our prior written approval, a sample of the proposed Online Site domain name, format, visible content (including, without limitation, proposed screen shots, links, and other content), and non-visible content (including, without limitation, meta tags, cookies, and other electronic tags) in the form and manner we may reasonably require.

14.5.4 You may not use or modify such Online Site without our prior written approval as to such proposed use or modification.

14.5.5 In addition to any other applicable requirements, you agree to comply with the standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing (including requirements pertaining to designating us as the sole administrator or co-administrator of the Online Site). You further agree that we may require you to use us or a third party we designate to provide the platform for any Online Sites you maintain.

14.5.6 If we require, you agree to establish such hyperlinks to our Online Site and others as we may request in writing.

14.5.7 If we require you to do so, you agree to make weekly or other periodic updates to our Online Site to reflect information regarding specials and other promotions at your Franchised Business.

14.5.8 We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf, and we will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.

14.6 *Recordation of Gross Sales*. You agree to record all sales and transactions for the Franchised Business on computer-based systems that we have approved in writing or on such other types of equipment that we may designate in the Manual or otherwise in writing, which will be deemed part of your Computer System. You agree to utilize computer-based systems that are fully compatible with any program or system (which we will have the right to require) and you agree to record all Gross Sales and all sales information on such equipment.

14.7 *Electronic Identifiers; E-Mail*.

14.7.1 You agree not to use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, social network or social media name or address, and/or any other identification of you and/or your business in any electronic medium.

14.7.2 You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic method without obtaining our prior written consent as to: **(a)** the content of such electronic advertisements or solicitations; and **(b)** your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending electronic communication (including the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003") and the Federal Telephone Consumer Protection Act, as well as laws that apply from outside the U.S., such as the Canadian Anti-Spam Law, or CASL.) (As used in this Agreement, the term "**electronic communication**" includes all methods for sending communication electronically, whether or not currently invented or used, including without limitation e-mails, text messages, internet-based communication, and faxes.)

14.8 *Outsourcing*. You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, and/or any other of your obligations, without our prior written approval. Our consideration of any proposed

outsourcing vendors may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. You agree not to install (and/or remove) any software or firmware from the Computer System without our prior written consent.

14.9 *Telephone Numbers and Directories*.

14.9.1 We have arranged with the telephone company to maintain a national 800 telephone number (800 GO TRULY), and we may use additional toll free numbers in the future. If 800 routing services are available to your office, you must participate so that calls from telephone exchanges in your area code or zip code are routed to the Call Center (defined below). (We have no control over how calls are routed. For example, mobile phone calls may be routed incorrectly or not at all.) Calls for your area code or zip code will then be routed directly to you if you are providing all four of the Truly Nolen types of Services in your area code or zip code, or if you are providing all of the types of services except Specialty Services. You must pay the applicable charges to the telephone company for this service. If two or more franchisees provide the three different basic Truly Nolen Services in the same area code or zip code, they may share the cost of the monthly base charge, and they will be required to share the cost for a telephone answering service to direct 800 number calls to the franchisee providing the requested type of service.

14.9.2 We have established a call center for answering telephones when our branch offices are closed or not staffed (the "**Call Center**"). This or a similar service may be made available to you, at our discretion, at pro rata cost. If and when this or a similar service is made available to you, the 800 telephone number may route the call to the Call Center. We will make reasonable efforts to forward or transfer appropriate callers requesting Services in your Protected Territory to your number; however, due to third party routing, changes in technology, and other factors, we cannot ensure that such forwarding will occur.

14.9.3 We use other toll free numbers, which may have an automated answer or directed to Truly Nolen offices. When these numbers request the zip code for the service location, and the zip code is reasonably known to be within your Territory, the answering system will attempt to redirect the caller to your number.

14.9.4 You must obtain and maintain that amount of directory listing advertising that you and we reasonably agree is necessary and appropriate to advertise your services, and you must pay all costs of such directory listing advertising.

14.9.5 Upon termination of this Agreement for any reason, or expiration of this Agreement, the telephone and fax numbers shall remain with us, and in the event that we elect to disconnect any such numbers, you shall not provide a call forwarding or telephone number referral with respect to any such disconnected telephone number (except to a telephone number designated by us) and shall not indicate in any manner you were previously affiliated with us.

14.9.6 You further agree to execute any applicable telephone number transfer forms relating to telephone numbers for the Franchised Business that we require. Also, you hereby irrevocably appoint and designate us as your attorney-in-fact to transfer any listed

telephone numbers and directory listings relating to the Franchised Business if necessary, and to discontinue telephone and other directory listings using the fictitious name or assumed name, in the event of termination or expiration of this Agreement. In order to facilitate this requirement, you agree to execute the "Telephone Number Assignment Agreement and Power of Attorney" attached to this Agreement as Attachment E. You must answer the telephones for the Franchised Business solely in the manner prescribed in the Manual.

14.10 *Changes*. You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those reasonable new standards we establish as this Section 14 were periodically revised by us for that purpose.

14.11 *Electronic Communication – Including E-Mail, Fax, and Texts*. You acknowledge and agree that exchanging information with us by electronic communication methods is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of electronic communications as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated under this Agreement) (together, "**Official Senders**") to you during the term of this Agreement.

14.11.1 In order to implement the terms of this Section 14.11, you agree that: **(a)** Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and others; **(b)** you will cause your officers, directors, members, managers, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we may reasonably require) to Official Senders' transmission of electronic communication to those persons, and that such persons may not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and **(c)** you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.

14.11.2 The consent given in this Section 14.11 will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.

14.11.3 We may permit or require you to use a specific e-mail address (or address using another communications method) (for example, one that will contain a Top Level Domain Name that we designate, such as "jan.jones@trulynolen.net") (the "**Permitted E-mail Address**") in connection with the operation of the Franchised Business, under the standards that we set for use of that Permitted E-mail Address. You will be required to sign the form E-Mail authorization letter that we may specify for this purpose. If we assign you a Permitted E-mail Address, then you agree that you (and your employees) will use only that e-mail account for all business associated with your Franchised Business.

14.12 *Customer Lead Generator Program*. We have established a website-based customer lead generator program, which generates a cost estimate, based on the customer's residential or

commercial information. You may elect to have this service available to your customers within your Protected Territory, in which case you must agree to commit to the web site pricing structure given to the potential clients who use this service, provided that the customer information is correct. We may offer additional discounts or other incentives in connection with leads generated by the Internet. If you opt for this service, you must honor these incentives. If you do not elect to have this service available for your Protected Territory, then potential clients attempting to use the cost estimator service will receive a message that this service is not available for their area.

15 INSURANCE

15.1 *Required Insurance Coverage*. Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the Term of this Agreement), at your expense, at least the following insurance policy or policies in connection with the Franchised Business or other facilities on premises, or by reason of the establishment or operation of the Franchised Business. Such policy or policies must be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Business is located, and must include, at a minimum (except that we may reasonably specify additional coverages and higher policy limits for all franchisees periodically in the Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances), the following:

15.1.1 Comprehensive public liability insurance, including a pesticide and herbicide applicators endorsement, contractual liability and products liability, insuring you, your owners, officers, directors and agents, against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including but not limited to any loss from theft, vandalism, malicious mischief, and the perils included under an extended coverage endorsement, and covering all Franchised Business assets, personnel and activities on an occurrence basis, with minimum limits of at least $1,000,000 combined single limit for bodily injury and property damage if you are authorized to offer Termite Services and $300,000 if you are authorized to offer General Pest Services, Specialty Services or Grounds Services;

15.1.2 Casualty insurance in a minimum amount equal to the replacement value of your interest in the Franchised Business premises, including furniture, fixtures and equipment;

15.1.3 Comprehensive automobile liability coverage for both owned and non-owned vehicles with limits of not less than $500,000 for property damage and $1,000,000 for bodily injury;

15.1.4 Workers' compensation insurance including occupational disease, employers liability insurance, and such other similar insurance as may be required by the state in which you operate, at statutory limits for workers' compensation and employer's liability, but in no event at less than $500,000;

15.1.5 Disability insurance as required by applicable law; and

15.1.6 Any other insurance coverage that is required by federal, state, or municipal law.

15.2 *Endorsements*. All policies listed in Section 15.1 above (unless otherwise noted below) must contain such endorsements as will, periodically, be provided in the Manual. All policies must waive subrogation as between us (and our insurance carriers) and you (and your insurance carriers).

15.3 *Notices to us*. In the event of cancellation, material change, or non-renewal of any policy, sixty (60) days' advance written notice must be provided to us in the manner provided in Section 24 below.

15.4 *Other Insurance Does Not Impact your Obligation*. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 21.4 below. Additionally, the requirements of this Section 15 will not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including other Truly Nolen Businesses that you (and/or your affiliates) operate under the System.

15.5 *Additional Named Insured*. All public liability and property damage policies must list us as an additional named insured, and must also contain a provision that we, although named as an insured, will nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees.

15.6 *Certificates of Insurance*. At least thirty (30) days before the time you are first required to carry any insurance under this Agreement, and from then on, at least thirty (30) days before the expiration of any such policy, you agree to deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates must expressly provide that we will receive at least thirty (30) days' prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Additional certificates evidencing the insurance required by Section 15.1 above must name us, and each of our affiliates, directors, agents, and employees, as additional insured parties, and must expressly provide that any interest of same therein will not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.

15.7 *Proof of Coverage*. In addition to your obligations under Section 15.6 above, on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date, you agree to provide us with proof of insurance evidencing the proper coverage with limits not less than those required under this Agreement, in such form as we may reasonably require. If you for any reason fail to procure or maintain the insurance required by this Agreement, as revised from time to time for all franchisees by the Manuals or otherwise in writing, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance and to charge the same to you, which charges, together with a reasonable fee for our expenses in so acting, including attorneys' fees, shall be payable by you to us immediately upon your receipt of written notice.

15.8 *Coverages are Minimums*. You acknowledge and agree that the specifications and coverage requirements in this Section 15 are minimums, and that we recommend that you review these with your own insurance advisors to determine whether additional coverage is warranted in the operation of your Franchised Business.

15.9 *Changes*. We will have the right, periodically, to make such changes in minimum policy limits and endorsements as we may determine are necessary or appropriate; provided, however, all changes will apply to all of our franchisees who are similarly situated.

16 TRANSFER OF INTEREST

16.1 *By Us*. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

16.2 *Your Principals*. If you are an entity, then each party that holds any interest (direct, indirect, and/or beneficial) in you (each, a "**Principal**"), and the interest that each such Principal holds, is identified in Attachment C to this Agreement. You represent and warrant to us, and agree, that your owners are accurately set forth on Attachment C to this Agreement, and you also agree not to permit the identity of those owners and/or their respective interests in you, to change without complying with this Agreement.

16.3 *Principals*. We will have a continuing right to designate any person or entity that owns a direct or indirect interest in you as a Principal, and Attachment C will be so amended automatically upon written notice to you.

16.4 *By You*. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or your Principals') business skill, financial capacity, and personal character. Accordingly:

16.4.1 You agree not to make a transfer (and not to permit any other party to make a transfer) without our prior written consent.

16.4.1.1 As used in this Agreement, the term "**transfer**" is agreed to mean any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security interest in, and/or giving away of any interest (including direct, indirect, and beneficiary interests) in: **(a)** this Agreement; **(b)** you; **(c)** any or all of your rights and/or obligations under this Agreement; and/or **(d)** all or any significant portion of the assets of the Franchised Business.

16.4.1.2 Any purported transfer for which we did not provide our prior written consent as required by this Section 16 shall be null and void and shall also constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure, pursuant to Section 17.2.5 below.

16.4.2 If you are an entity (other than a partnership or a limited liability partnership), then you agree that: **(a)** without our prior written approval, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and **(b)** the recipient of any such security or other interest will become a Principal under this Agreement, if we designate them as such.

16.4.3 If you are a partnership or limited liability partnership, then the partners of that partnership will not, without our prior written consent, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner in such a partnership will automatically be deemed to be a Principal.

16.4.4 No Principal may transfer, pledge, and/or otherwise encumber their interest in you without our prior written consent.

16.5 *Transfer Conditions*. We will not unreasonably withhold any consent required by Section 16.4 above; provided, that if you propose to transfer your obligations under this Agreement or any material asset, or if any party proposes to transfer any direct or indirect interest in you, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed transfer:

16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective officers, directors, members, managers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us, and/or our respective affiliates, and federal, state, and local laws and rules.

16.5.2 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal must enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the Principal must guarantee the performance of all such obligations in writing in a form satisfactory to us.

16.5.3 The proposed new Principals (after the transfer) must meet our educational, managerial, and business standards; each must possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchised Business.

16.5.4 We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements that we may require for the business franchised under this Agreement, and those agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty and marketing fee.

16.5.5 If we request, then you must upgrade the Franchised Business to conform to the then-current standards and specifications of new Truly Nolen Businesses then-being established in the System, and you agree to complete the upgrading and other requirements specified above in Section 8.7 within the time period that we specify.

16.5.6 You agree to pay in full all of your monetary obligations to us and our affiliates, and to all vendors (whether arising under this Agreement or otherwise), and you must not be otherwise in default of any of your obligations under this Agreement (including your reporting obligations).

16.5.7 The transferor must remain liable for all of the obligations to us in connection with the Franchised Business that arose before the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and must execute any and all instruments that we reasonably request to evidence such liability.

16.5.8 A principal of the transferee whom we designate to be a new Controlling Owner, and those of the transferee's Specially Trained Management Personnel as we may require, must successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require (and while we will not charge a fee for attendance at such training programs, the transferee will be responsible for the salary and all expenses of the person(s) that attend training).

16.5.9 You agree to pay us a transfer fee to compensate us for our legal, accounting, training, and other expenses incurred in connection with the transfer. The transfer fee will be in an amount equal to Three Thousand Dollars ($3,000), plus any applicable broker or commission fees.

16.5.10 The transferor must acknowledge and agree that the transferor will remain bound by the covenants contained in Sections 19.3 – 19.5 below.

16.6 *Right of First Refusal*. If you or any of your Principals wish to accept any *bona fide* offer from a third party to purchase you, any of your material assets, or any direct or indirect interest in you, then all of the following will apply:

16.6.1 You (or the Principal who proposes to sell his/her interest) must promptly notify us in writing of the offer and provide to us the information and documentation relating to the offer that we may require. We will have the right and option, exercisable within thirty (30) days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase will occur within thirty (30) days from the date of notice to the seller of the election to purchase by us.

16.6.2 Any material change in the terms of the offer before closing will constitute a new offer subject to our same rights of first refusal (as set forth in this Section 16.6) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section 16.6 that will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.

16.6.3 If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then we will promptly designate an independent appraiser and you will promptly designate another independent appraiser and those two appraisers will, in turn, promptly designate a third appraiser; and all three appraisers will promptly confer and reach a single determination, which determination will be binding upon both you and us. Both parties will equally share the cost of any such appraisal.

16.6.4 If we exercise our rights under this Section 16.6, then we will have the right to set off all amounts due from you (including one-half (½) of the cost of an appraisal, if any, conducted under Section 16.6.3 above) against any payment to you.

16.7 *Death or Incapacity*. If you or any Principal dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer if you reimburse us for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting a your proposed transaction, including our attorneys' fees.

16.7.1 In addition, if the deceased or incapacitated person is the Controlling Owner, we will have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.

16.7.2 For purposes of this section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: **(a)** for a period of thirty (30) or more consecutive days; or **(b)** for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.

16.7.3 If an interest is not disposed of under this section within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2 below.

16.8 *Consent to Transfer*. Our consent to a transfer that is the subject of this Section 16 will not constitute a waiver of any claims that we may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

16.9 *No Transfers to a Non-Franchisee Party to Operate a Similar Business*. You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Franchised Business to a third party who will operate a similar business but not under the System and the Proprietary Marks, and not under a franchise agreement with us.

16.10 *Bankruptcy Issues*. If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 16, including without limitation the terms of Sections 16.4, 16.5, and 16.6 above.

16.11 *Securities Offers*. All materials for an offering of stock, ownership, and/or partnership interests in you or any of your affiliates that are required by federal or state law must be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use.

16.11.1 You agree that: (**a**) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; (**b**) our review of any offering

will be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and (**c**) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.

16.11.2 You (and the offeror if you are not the offering party), your Principals, and all other participants in the offering must fully indemnify us and all of the Franchisor Parties (as defined in Section 21.5.2 below) in connection with the offering.

16.11.3 For each proposed offering, you agree to pay us a non-refundable fee of Ten Thousand Dollars ($10,000) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering.

16.11.4 You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 16.11 commences. Any such offering will be subject to all of the other provisions of this Section 16, including without limitation the terms set forth in Sections 16.4, 16.5, 16.6; and further, without limiting the foregoing, it is agreed that any such offering will be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

16.11.5 You also agree that after your initial offering, described above, for the remainder of the term of the Agreement, you will submit to us for our review and prior written approval all additional securities documents (including periodic reports, such as quarterly, annual, and special reports) that you prepare and file (or use) in connection with any such offering. You agree to reimburse us for our reasonable costs and expenses (including legal and accounting fees) that we incur in connection with our review of those materials.

17 DEFAULT AND TERMINATION

17.1 *Automatic*. If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights granted in this Agreement will automatically terminate without notice to you: **(a)** if you will become insolvent or makes a general assignment for the benefit of creditors; **(b)** if a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you; **(c)** if 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; **(d)** if proceedings for a composition with creditors under any state or federal law is instituted by or against you; **(e)** if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); **(f)** if you are dissolved; or if execution is levied against your business or property; **(g)** if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; and/or **(h)** if the real or personal property of your Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.

17.2 *With Notice.* If any one or more of the following events occur, then you will be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner provided in Section 24 below):

17.2.1 If you do not commence operation of the Franchised Business within the time limits specified in Section 5.1 above, and within the requirements specified in Sections 5 and 8.2 above;

17.2.2 If you fail to offer and provide the Services designated on Attachment A to this Agreement on time;

17.2.3 If you at any time cease to operate or otherwise abandon the Franchised Business for seven (7) consecutive business days (during which you are otherwise required to be open, and without our prior written consent to do so), or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located;

17.2.4 If you, any of your Principals or personnel are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

17.2.5 If a threat or danger to public health or safety results from the maintenance or operation of the Franchised Business;

17.2.6 If you or any of your Principals purport to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 above;

17.2.7 If you fail to comply with the requirements of Section 19 below;

17.2.8 If, contrary to the terms of Sections 10 or 11 above, you disclose or divulge the contents of the Manual or other confidential information that we provide to you;

17.2.9 If an approved transfer of an interest in you is not completed within a reasonable time, as required by Sections 16.7 above;

17.2.10 If you knowingly maintain false books or records, or submit any false reports (including information provided as part of your application for this franchise) to us;

17.2.11 If you commit three (3) or more defaults under this Agreement in any fifty-two (52) week period, whether or not each such default has been cured after notice;

17.2.12 If, after receipt of notice from us of a violation of the provisions of Sections 7.1 and/or 8.4 above, you continue to purchase any products from an unapproved supplier, or sell any products or services from the Business that are not products or Services, as prohibited under Sections 7.1 and 8.4 above;

17.2.13 If you or any of your Specially Trained Management Personnel fail to attend and successfully complete any mandatory training program unless attendance is excused or waived, in writing, by us;

17.2.14 If your bank or credit card issuer (if we have required you to provide us with a valid credit card on which to charge continuing fees due hereunder) has declined or denied a charge by us three (3) times during the term of this Agreement;

17.2.15 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice;

17.2.16 If you sell products or services that we have not previously approved, or purchase any product from a supplier that we have not previously approved; and/or

17.2.17 If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Principals use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Principals directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.

17.3 *With Notice and Opportunity to Cure*.

17.3.1 Except as otherwise provided above in Sections 17.1 and 17.2 above, if you are in default of your obligations under this Agreement, then we may terminate this Agreement by giving you written notice of termination (in the manner provided under Section 24 below) stating the nature of the default at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by: **(a)** immediately initiating a remedy to cure such default; **(b)** curing the default to our satisfaction; and **(c)** promptly providing proof of the cure to us, all within the thirty (30) day period. If you do not cure any such default within the specified time (or such longer period as applicable law may require), then this Agreement will terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period (or such longer period as applicable law may require).

17.3.2 If you are in default under the terms of any other franchise agreement or other contract between you (and/or your affiliates) and us (and/or our affiliates), that will also constitute a default under Section 17.3.1 above.

17.4 *Bankruptcy*. If, for any reason, this Agreement is not terminated pursuant to this Section 17, and the Agreement is assumed, or assignment of the same to any person or entity who has made a *bona fide* offer to accept an assignment of the Agreement is contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: **(a)** the name and address of the proposed assignee; and **(b)** all of the terms and conditions of the proposed assignment and assumption; must be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of the Agreement; and, in any event, within ten (10) days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will then have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions that may be payable by you out of the consideration to be paid by such assignee for the assignment of the Agreement.

17.5 *Our Rights Instead of Termination*. If we are entitled to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, we will also have the right to take any lesser action instead of terminating this Agreement, including terminating, modifying, or eliminating completely, the Protected Territory described in Section 1.3 above.

17.6 *Reservation of Rights under Section 17.5*. If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 17.5 above, such action will be without

prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

17.7 *Damages*. You agree to pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).

18 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you will forthwith terminate, and all of the following will take effect:

18.1 *Cease Operation*. You agree to: **(a)** immediately and permanently stop operating the Franchised Business; and **(b)** never directly or indirectly represent to the public that you are a present or former franchisee of ours.

18.2 *Stop Using Marks and Intellectual Property*. You agree to immediately and permanently cease to use, in any manner whatsoever, all aspects of the System, including the Program Materials and any other confidential methods, procedures and techniques associated with the System, the mark "Truly Nolen" and any and all other Proprietary Marks, distinctive forms, slogans, signs, symbols, and devices associated with the System, and any and all other intellectual property associated with the System. Without limiting the foregoing, you agree to stop making any further use of any and all signs, marketing materials, displays, stationery, forms, and any other articles that make any use of, reference to, and/or display of the Proprietary Marks.

18.3 *Cancel Assumed Names*. You agree to take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Truly Nolen" and any and all other Proprietary Marks, and/or any other service mark or trademark of ours, and you will give us evidence that we deem satisfactory to provide that you have complied with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 *Our Option to Buy Your Assets*. We will have the right (but not the obligation), which we may exercise at any time within ninety (90) days after expiration, termination, or default under this Agreement, or at any time up to six (6) months prior to renewal pursuant to Section 2.2, to purchase all your rights, title and interest in and to any or all of the assets of the Franchised Business as may be designated in the notice of intent (the "**Assets**"), including, without limitation, customer accounts and contracts, advertising materials, inventory, supplies, uniforms, vehicles, signs, and/or equipment.

18.4.1 The purchase price for the Assets shall be the lesser of your cost or fair market value, excluding any goodwill or going concern value associated with your operation of the Franchised Business under the Proprietary Marks, subject to appraisal as stated in Section 18.4.3. The parties agree that "cost" shall be determined based upon a five (5) year straight line depreciation of original costs. For Assets that are five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the Asset's original cost. If we decide to exercise our option to purchase the Assets, we have the right to set off all amounts you owe to us and our affiliates, and the cost of the appraisal(s), if any, against the purchase price for the Assets.

18.4.2 We may offer to purchase certain termite renewal contracts based on the volume and quality of the contract. The price for these contracts will be the amount that we and you agree and shall not be subject to appraisal unless we both agree to such an appraisal. The payment arrangements for such contracts will also be negotiated between the parties. (Typically TNAI will pay a portion of the purchase price for the termite renewal contracts at the time of assignment based on the estimated contract revenues. The remaining portion will be paid after one year but the amount will be reduced proportionately for the contract revenues from contracts that have been canceled for any reason and the contract revenues on properties that do not pass TNAI's inspection. This is an example only and is not binding on us.)

18.4.3 If you and we do not agree on fair market value of the Assets, you and we will agree upon an independent qualified appraiser, whose appraisal shall be the purchase price and the fair market value of the Assets for the purposes of Section 18.4.1. In the event we both cannot agree upon an appraiser, you will appoint one (1) independent qualified appraiser, we will appoint one (1) independent qualified appraiser, and the two (2) appraisers that were appointed by us will select a third qualified appraiser. Each selected appraiser shall be instructed to render a written appraisal of the fair market value of the Assets within thirty (30) days after his appointment. The purchase price and fair market value of the Assets for the purposes of this Section 18.4 shall be the average of: (a) the appraisal with a value between the highest and lowest values of the three (3) appraisals (the "**Middle Appraisal**") and (b) the appraisal with the value closest to the value of the Middle Appraisal. You will be solely responsible for, and shall pay all costs of selecting and retaining the appraiser(s).

18.4.4 We will have the option to pay the purchase price for the Assets using either of the following methods: (a) payment in immediately available funds upon closing of the purchase, which will occur within thirty (30) days after the fair market value of all the Assets is determined; or (b) payment of a deposit in immediately available funds in an amount equal to twenty per cent (20%) of the purchase price (the "**Deposit**"), within thirty (30) days after the fair market value of all the Assets is determined (the "**Deposit Date**") and payment of the remaining balance of the purchase price (the "**Deferred Balance**") plus simple interest of ten percent (10%) per year on the Deferred Balance from the Deposit Date until payment (the "**Interest Rate**") in immediately available funds within six (6) months after the Deposit Date (the "**Final Due Date**"). The Deferred Balance will be unsecured. Interest shall be calculated based on a 360-day year and 30-day months, and charged for the actual number of days elapsed. At our option, the Deferred Balance plus interest at the Interest Rate may be paid to you in equal monthly payments during the six (6) month period prior to the Final Due Date, or in a single payment prior to or on the Final Due Date. Transfer of possession and title to the Assets shall occur upon payment of the Deposit.

18.5 *No Use of the Marks in Other Businesses*. You agree, if you continue to operate or subsequently begin to operate any other business, that you will not use any reproduction, counterfeit copy, and/or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to use, in any manner whatsoever, any designation of origin, description, trademark, service mark, or representation that suggests or implies a past or present association or connection with us, the System, the equipment, and/or the Proprietary Marks.

18.6 *Pay All Sums Due*. You agree to promptly pay all sums owing to us and our affiliates (regardless whether those obligations arise under this Agreement or otherwise). In the event

of termination for any of your defaults, those sums will include all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default.

18.7 *Pay Damages*. You agree to pay us all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18, which will be in addition to amounts due to us under Section 18.11 below.

18.8 *Return Confidential Information*. You agree to immediately return to us the Manual, the Program Materials, and all other manuals, records, and instructions containing confidential information (including, without limitation, any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property. You further agree to transfer all telephone numbers and directories to us pursuant to the terms of Section 14.9.4 above.

18.9 *Right to Continue Operations*. In order to preserve the goodwill of the System following expiration and/or termination, we (or our designee) will have the right (without liability to you, your Principals, or otherwise) to continue (or delegate to a third party the right to continue) to operate the Franchised Business' operation and maintaining the goodwill of the business.

18.10 *Customer Deposits and Payments*. In order to preserve the goodwill of the System following expiration and/or termination, you agree to: (a) provide to us a written report of all funds taken from customers for services that have not yet been fully delivered as of the date of termination and/or expiration ("**Pre-Payments**"), including such detail as we may require; and (b) refund all Pre-Payments in full to the appropriate customers (unless we require you to pay them to us or to our designee). You must provide us with a complete list of all your customers, including name, address, telephone number(s), nature of services, and contract duration. You will remain solely liable to perform and fulfill all obligations under your outstanding customer accounts and warranties. You must inform all your customers that you are no longer affiliated in any way with the System, and that you (and not TNAI) are solely responsible for fulfilling all obligations under their contracts and warranties.

18.11 *Lost Future Royalties*. If we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, then in addition to all other amounts due to us under this Agreement and otherwise, you agree to pay to us, as liquidated damages, an amount calculated as follows: **(a)** the average of your monthly Royalty Fees that are due under this Agreement for the twelve (12) months immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than 12 months, the average of your monthly Royalty Fees for the number of months you have operated the Business); **(b)** multiplied by the lesser of 24 or the number of months remaining in the then-current term of this Agreement under Section 2. You agree that the liquidated damages as provided above are a reasonable pre-estimate of the amounts that we will lose if such a termination, abandonment, or other similar act occurs, and that the liquidated damages are not a penalty.

18.12 *Our Rights.* You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 18.

18.13 *Offsets*. We have the right to offset amounts that you owe to us against any payment that we may be required to make under this Agreement.

19 COVENANTS

19.1 *Full Time Efforts*. You agree that during the term of this Agreement, except as we have otherwise approved in writing, you (or the Controlling Owner) will devote full time, energy, and best efforts to the management and operation of the Franchised Business.

19.2 *Understandings*.

19.2.1 You acknowledge and agree that: **(a)** pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; **(c)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our system if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and **(e)** restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

19.2.2 As used in this Section 19, the term "**Competitive Business**" is agreed to mean any business which is the same as or substantially similar to a Truly Nolen Business or that offers pest control services.

19.3 *Covenant Not to Compete or Engage in Injurious Conduct.* Accordingly, you covenant and agree that, during the term of this Agreement and for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you will not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

19.3.1 Divert or attempt to divert any actual or potential business or customer of any Truly Nolen Business to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

19.3.2 Disparage to, or otherwise share negative opinions with, any third parties regarding us, the System or any Truly Nolen Businesses specifically or generally.

19.3.3 Own, maintain, develop, operate, engage in, franchise or license, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business.

19.4 *Where Restrictions Apply*. During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 19.3 above. During the two-year period following the expiration or earlier termination of this Agreement, or a transfer as contemplated under Section 16 above, these restrictions will apply only within the Protected Territory, within twenty-five (25) miles of the Protected Territory, or within twenty-five (25) miles of any then-existing or planned Truly Nolen Business operated elsewhere, except as we may otherwise approve in writing. These restrictions will not apply to businesses that you operate that we (or our affiliates) have franchised to you pursuant to a valid franchise agreement.

19.5 Post-Term. You further covenant and agree that, for a continuous period of two (2) years after (**a**) the expiration of this Agreement, (**b**) the termination of this Agreement, and/or (**c**) a transfer as contemplated in Section 16 above:

19.5.1 you will not directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease, and/or transfer any or all of the Franchised Business to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business in the Protected Territory

19.5.2 You agree that, by the terms of any conveyance, selling, assigning, leasing or transferring your interest in the Franchised Business, you shall include these restrictive covenants as necessary to ensure that a Competitive Business that would violate this Section is not operated at in the Protected Territory for this two-year period, and you will take all steps necessary to ensure that these restrictive covenants become a matter of public record.

19.6 *Periods of Non-Compliance*. Any period of non-compliance with the requirements of this Section 19, whether such non-compliance takes place after termination, expiration, and/or a transfer, will not be credited toward satisfying the two-year obligation specified above.

19.7 *Publicly-Held Entities*. Section 19.3.3 above will not apply to your ownership of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "**publicly-held corporation**" will be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

19.8 *Personal Covenants*. You agree to require and obtain execution of covenants similar to those set forth in Sections 9.3, 11, 16, 18 above, and this Section 19 (as modified to apply to an individual), from your Specially Trained Management Personnel and other managerial and/or executive staff, as well as your Principals. The covenants required by this section must be in the form provided in Attachment F to this Agreement. If you do not obtain execution of the covenants required by this section and deliver to us those signed covenants, that failure will constitute a default under Section 17.2.6 above.

19.9 *Construction*. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce in writing the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them.

19.10 *Claims Not a Defense*. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 19.

19.11 *Covenant as to Anti-Terrorism Laws*. You and the owners of your business ("**Owners**") agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any

of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.

19.12 *Defaults*. You acknowledge and agree that your violation of the terms of this Section 19 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19.

20 TAXES, PERMITS, AND INDEBTEDNESS

20.1 *Payment of Taxes*. You agree to promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.

20.2 *Payment of Trade Creditors*. You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Franchised Business.

20.3 *Your Right to Contest Liabilities*. If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.

20.4 *Compliance with Law*. You agree to comply with all federal, state, and local laws, rules, and regulations, and to timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any such laws are in conflict with the terms of this Agreement, the Manual, or our other instructions, you agree to: **(a)** comply with said laws; **(b)** immediately provide us with written notice describing the nature of the conflict; and **(c)** cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.

20.5 *Notice of Violations and Actions*. You agree to notify us in writing within five (5) days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within five (5) days occurrence of any accident or injury which may adversely affect the operation of the Franchised Business or your financial condition, or give rise to liability or a claim against either party to this Agreement.

21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1 *Independent Contractor Relationship.* The parties acknowledge and agree that:

21.1.1 this Agreement does not create a fiduciary relationship between them;

21.1.2 you are the only party that will be in day-to-day control of your franchised business, even though we will share the brand and Proprietary Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, computer programs, processes, or requirements under which you operate alter that basic fact;

21.1.3 nothing in this Agreement and nothing in our course of conduct is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and

21.1.4 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

21.2 *Notice of Status*. At all times during the term of this Agreement and any extensions hereof, you will hold yourself out to the public as an independent contractor operating the business pursuant to a franchise from us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Approved Office and/or in communications with your customers, the content of which we reserve the right to specify.

21.3 *No Contracts in our Name*. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor will we be liable by reason of any act or omission in your conduct of the Franchised Business or for any claim or judgment arising therefrom against either party to this Agreement.

21.4 *Indemnification*. You agree to indemnify and hold harmless each of the Franchisor Parties against any and all Damages arising directly or indirectly from any Asserted Claim as well as from your breach of this Agreement. Your indemnity obligations will survive the expiration or termination of this Agreement, and will not be affected by any insurance coverages that you or we may maintain.

21.5 *Definitions*. As used in Section 21.4 above, the parties agree that the following terms will have the following meanings:

21.5.1 "**Asserted Claim**" means any allegation, claim or complaint that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including any claim associated with your operation of the Franchised Business or otherwise), or any default by you under this Agreement, notwithstanding any claim that any Franchisor Party was or may have been negligent.

21.5.2 "**Franchisor Parties**" means us, our shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, employees, and agents.

21.5.3 "**Damages**" means all claims, demands, causes of action, suits, damages, liabilities, fines, penalties, assessments, judgments, losses, and expenses (including without limitation expenses, costs and lawyers' fees incurred for any indemnified party's primary defense or for enforcement of its indemnification rights).

21.6 *Indemnification Procedure*. We will give you reasonable notice of any Assert Claim for which the Franchisor Parties intend to seek indemnification; however, the failure to give notice will not relieve you of any obligation except to the extent of any actual prejudice to you. You will

have a reasonable opportunity to assume the defense of the Asserted Claim, at your expense and through legal counsel reasonably acceptable to us, provided that you must proceed in good faith, expeditiously, and diligently, and that the defense that you undertake does not jeopardize any of the Franchisor Parties' defenses. We will have the right: (i) to participate in any defense that you undertake with counsel of our own choosing, at our expense; and (ii) to undertake, direct, and control the defense and settlement of the Asserted Claim (at your expense) we determine that you have not properly and competently assumed defense of the Asserted Claim within a reasonable time and/or if, in our sole judgment, there would be a conflict of interest between us and you.

22 FORCE MAJEURE

22.1 *Impact*. Neither party will be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: **(a)** acts of nature; **(b)** acts of war, terrorism, or insurrection; **(c)** strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or **(d)** our inability (and that of our affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any services or products used in the operation of the Franchised Business.

22.2 *Transmittal of Funds*. The inability of either party to obtain and/or remit funds will be considered within control of such party for the purpose of Section 22.1 above. If any such delay occurs, any applicable time period will be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement, without any such delay or extension.

23 APPROVALS AND WAIVERS

23.1 *Request for Approval*. Whenever this Agreement requires our prior approval or consent, agree to make a timely written request to us therefor, and such approval or consent must be obtained in writing.

23.2 *No Warranties or Guarantees*. You acknowledge and agree that we make no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

23.3 *No Waivers*. No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. If we accept late payments from you or any payments due, that will not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement. No course of dealings or course of conduct will be effective to amend the terms of this Agreement.

24 NOTICES

24.1 Any and all notices required or permitted under this Agreement must be in writing, sent in the English language, and personally delivered, sent by certified U.S. mail, or by another method

that affords the sender evidence of delivery, of rejected delivery, or attempted delivery to the respective parties at the addresses shown on the signature page of this Agreement (unless and until a different address has been designated by written notice to the other party).

24.2 Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.

24.3 The Manual, any changes that we make to the Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be "notices" for the purpose of the delivery requirements in this Section 24.

25 ENTIRE AGREEMENT AND AMENDMENT

25.1 *Entire Agreement*. This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements. The parties confirm that: **(a)** they were not induced by any representations other than the words of this Agreement (and the FDD) before deciding whether to sign this Agreement; and **(b)** they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. However, nothing in this Section is intended as, nor will it be interpreted to be, a disclaimer by us of any representation made in our Franchise Disclosure Document ("**FDD**"), including the exhibits and any amendments to the FDD.

25.2 *Amendment*. Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

26 SEVERABILITY AND CONSTRUCTION

26.1 *Introductory Paragraphs*. The parties agree that the introductory paragraphs of this Agreement, under the heading "Introduction," are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here.

26.2 *Severability*. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement will be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.

26.3 *No Third Party Rights*. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16.4 above, any rights or remedies under or by reason of this Agreement.

26.4 *Captions Don't Amend Terms*. All captions in this Agreement are intended solely for the convenience of the parties, and no caption will be deemed to affect the meaning or construction of any provision hereof.

26.5 *Including*. The parties agree that when used in this Agreement, the terms "includes" and "including" means "*including but not limited to*".

26.6 *Survival*. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, will so survive the expiration and/or termination of this Agreement.

26.7 *How We Exercise Our Rights*. Although we may exercise any of our rights, carry out any of our obligations, or otherwise discharge any of our duties under this Agreement directly, through the use of employees, independent contractors, professional advisors (for example, a CPA), or otherwise, we will still remain responsible for the proper performance of our obligations to you under this Agreement. You agree that in any instance in which we have a right as set out in this Agreement, we may exercise that right (unless otherwise provided) once and/or at any additional times that we deem it appropriate to do so.

26.8 *Expenses*. Each party will bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.

26.9 *Counterparts*. This Agreement may be signed in counterparts, and signature pages may be exchanged by fax, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, will be considered as one complete Agreement.

27 APPLICABLE LAW AND DISPUTE RESOLUTION

27.1 *Choice of Law*. This Agreement takes effect only when all of the parties have signed this document. The parties agree that this Agreement will be interpreted and construed exclusively under the laws of the State of Arizona (which laws will prevail in the event of any conflict of law, without applying Arizona choice-of-law rules); provided, however, that if the covenants in Section 19 of this Agreement would not be enforced as written under Arizona law, then the parties agree that those covenants will instead be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 27.1 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the State of Arizona (or any other state) that would not otherwise apply without the words of this Section 27.1.

27.2 *Choice of Venue.* Subject to Section 27.3 below, the parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only within the courts that have jurisdiction over Pima County, Arizona. Any action that we bring against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business.

27.2.1 The parties agree that this Section 27.2 will not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue will be as set forth above.

27.2.2 The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

27.2.3 Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action.

27.3 *Mediation*. Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 27.5 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location in or nearest to Tucson, Arizona.

27.4 *Parties Rights Are Cumulative*. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

27.5 *Injunctions*. Nothing contained in this Agreement will bar our right to obtain injunctive relief in a court of competent jurisdiction against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27.6 ***WAIVER OF JURY TRIALS*. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

27.7 ***MUST BRING CLAIMS WITHIN ONE YEAR*. EACH PARTY TO THIS AGREEMENT AGREES THAT ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES' RELATIONSHIP, AND/OR YOUR OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER, SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR, IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES, SUCH CLAIM OR ACTION SHALL BE IRREVOCABLY BARRED. THIS SECTION 27.7 DOES NOT APPLY TO CLAIMS FOR INDEMNIFICATION UNDER THIS AGREEMENT.**

27.8 ***WAIVER OF PUNITIVE DAMAGES*. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES IT HAS SUSTAINED (THE PARTIES AGREE THAT THE PROVISIONS OF SECTION 18.11 ARE CONSISTENT WITH THIS PROVISION AND SHALL BE ENFORCED NOTWITHSTANDING THE WAIVER IN THIS SECTION 27.8).**

27.9 *Payment of Legal Fees*. You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in: **(a)** obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or **(b)** successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

28 ACKNOWLEDGMENTS

28.1 *Your Investigation of the Business Possibilities.* You acknowledge and agree that you have conducted an independent investigation of the business franchised under this Agreement, recognize that this business venture involves business risks, and that your success will be

largely dependent upon your ability (or, if you are an entity, your owners as independent businesspersons).

28.2 *No Warranties or Guarantees.* We expressly disclaim the making of, and you acknowledge and agree 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.

28.3 *Receipt of FDD and Complete Agreement.* You acknowledge and agree receipt of a copy of this Agreement, the exhibit(s), and agreements relating to this Agreement (if any), with all of the blank lines filled in, with ample time within which to review with applicable advisors. You also acknowledge that you received the FDD at least fourteen (14) days before the date on which this Agreement was signed.

28.4 *You Have Read the Agreement.* You acknowledge and agree that you have read and understood the FDD, this Agreement, and the exhibits to this Agreement.

28.5 *Your Advisors.* You acknowledge that we have recommended that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement, and that you have had sufficient time and opportunity to consult with those advisors.

28.6 *No Conflicting Obligations.* Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: **(a)** negotiating and entering into this Agreement; **(b)** exercising its rights under this Agreement; and/or **(c)** fulfilling its responsibilities under this Agreement.

28.7 *Your Responsibility for the Choice of the Protected Territory.* You acknowledge and agree that you have sole and complete responsibility for the choice of the Protected Territory; that we have not (and will not be deemed to have, even by our approval of the Protected Territory) given any representation, promise, or guarantee of your success in the Protected Territory; and that you will be solely responsible for your own success in the Protected Territory.

28.8 *Your Responsibility for Operation of the Franchised Business.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of your franchised Business, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.

28.9 *Different Franchise Offerings to Others.* You acknowledge and agree that we may modify the terms under which we will offer franchises to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

28.10 *Our Advice*. You acknowledge and agree that our advice is just that; that our advice is not a guarantee of success; and that you are the party that must reach and implement your own decisions about how to operate your Franchised Business on a day-to-day basis under the System.

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

28.11.1 you are the only party that employs and engages your staff (even though we may provide you with advice, guidance, and training);

28.11.2 we are not your employer;

28.11.3 we are not the employer of any of your staff, and even if we express an opinion or provide advice, we will play no role in your decisions regarding their employment (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

28.11.4 the guidance that we provide, and requirements under which you will operate, are intended to promote and protect the value of the brand and the Proprietary Marks;

28.11.5 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 our System and the requirements under this Agreement); and

28.11.6 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 adopting our standards as your standards), and hiring employees and employment matters (including 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.

28.12 *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 hereby.

28.13 *Two or More Signatories*. If two or more persons are signing this Agreement as the “franchisee” (each, a "**Signatory**"), the parties agree that:

28.13.1 Each Signatory will have the power to individually bind “you” with respect to us and third parties;

28.13.2 We have the right to treat each Signatory as having the full authority to bind all other Signatories in any and all matters;

28.13.3 We have the right to treat each Signatory as if s/he represents and can act on behalf of all the other Signatory(ies) in all matters;

28.13.4 Even though there may be more than one Signatory, all of the Signatories’ rights will be one and none of the Signatories will have the right to exercise any right independent of (and/or apart from) one another;

28.13.5 We have the right to communicate with or provide notice to any Signatory, and such communication or notice will be deemed as having been given to all Signatories; and

28.13.6 If there is a conflict among the Signatories (including us receiving conflicting information from or requests between the Signatories), we have the right to select from

among any conflicting or inconsistent requests by, or information from, any of the Signatories, and our selection in such case will be final and dispositive with respect to any such conflict.

28.14 *General Release*. If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

*You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, members, managers, shareholders, agents and employees, in their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, "**Releasors**") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**claims**"), which any Releasor now owns or holds or may at any time have owned or held, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Truly Nolen Businesses and the development and operation of all other businesses operated by any Releasor that are franchised by any Releasee. You understand as well that you may later learn of new or different facts, but still, it is your intention to fully, finally, and forever release all of the claims that are released above. This includes your waiver of state laws that may otherwise limit a release (for example, Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his [or her] favor at the time of executing the release, which if known by him [or her] must have materially affected his [or her] settlement with the debtor"). You expressly agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and final release of all claims. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise impair or affect any claims arising after the date of this Agreement.*

*****

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

Truly Nolen of America, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	
Address for Notices:	Address for Notices:

432 S Williams Blvd	_____
Tucson, Arizona 85711	_____
Email: usa.franchise@trulymail.net	Email:_____
Attention: Treasurer	Attn:_____

TRULY NOLEN OF AMERICA, INC.
FRANCHISE AGREEMENT
ATTACHMENT A
DATA ADDENDUM

¶	Section Cross-Reference	Item
1	1.2	The Approved Office will be at: _____
2	1.3	The Protected Territory under this Agreement will be: _____
3	1.5	You are authorized and obligated to sell and perform all, but only, the types of services checked below [check one, two, three, or four]: ☐ **General Pest Services** [general pest control services for residential, governmental and commercial structures, and pest inspection and advisor services]. ☐ **Termite Services** [structural termite control and repair services, and termite inspection and advisor services]. ☐ **Grounds Services** [lawn and ornamental pest and weed control services]. ☐ **Specialty Services** [the following services in your region _____.
4	4.1	The Initial Franchise Fee is: _____ The Initial Franchise Fee is calculated as follows: $35,000 for a Protected Territory with 300,000 residents, based on the most recent U.S. Census data. We do not typically grant territories with less than 300,000 residents. For territories with more than 300,000 residents, the initial franchise fee will be $35,000 plus 60% of $35,000 for each additional 300,000 residents, calculated pro rata by resident. So, for example, if you were granted a Protected Territory with 450,000 residents, your initial franchise fee would be $45,500, and the initial franchise fee for a Protected Territory with 600,000 residents would be $56,000. For "rural" territories where there are fewer than 300,000 residents within a 30-mile radius, we will pro rate, by resident, your Initial Franchise Fee based on the reduced number of residents, with a maximum pro rata discount of $8,750 (resulting in a minimum Initial Franchise Fee of $26,250 for rural territories). If you receive a reduced Initial Franchise Fee due to a rural territory, you cannot receive any other discounts on the Initial Franchise Fee. It is our current policy to offer a reduced initial franchise fee for you (the "**Reduced Fee**") if you are: (a) establishing a "conversion" business by converting an existing pest control business, (b) buying an existing pest control business from a third party and converting it

<table>
<tr><th>¶</th><th>Section Cross-Reference</th><th>Item</th></tr>
<tr><td></td><td></td><td>to a Truly Nolen business, (c) an employee of ours or our affiliates during the prior three years, (d) an employee of an active Truly Nolen franchisee of ours during the prior three years, or (e) an existing Truly Nolen franchisee and are either (i) entering into your 2nd or additional franchise agreement with us, or (ii) adding an additional, but not full, territory to your current franchise agreement with us. The Reduced Fee is calculated at the rate of $26,250 for each 300,000 residents located in the Protected Territory, and is otherwise calculated in the same manner, pro rata by resident, for larger territories, as described above. So, for example, if you were granted a Protected Territory with 450,000 residents, the Reduced Fee for that Protected Territory would be $34,125. We may at any time and for any reason cease offering the Reduced Fee to those franchisees who would otherwise qualify.</td></tr>
<tr><td>5</td><td>4.2</td><td>The “Royalty Fee” is calculated as follows:

<table><tr><th>Annual Gross Sales of the Franchised Business</th><th>Percent of Gross Sales as Royalty Fee</th></tr><tr><td>$0 to $149,999</td><td>Seven percent (7%)</td></tr><tr><td>$150,000 to $299,999</td><td>Six and one-half percent (6.5%)</td></tr><tr><td>$300,000 to $449,999</td><td>Six percent (6%)</td></tr><tr><td>$450,000 to $599,999</td><td>Five and one-half percent (5.5%)</td></tr><tr><td>$600,000 to $749,999</td><td>Five percent (5%)</td></tr><tr><td>$750,000 to $999,999</td><td>Four and one-half percent (4.5%)</td></tr><tr><td>$1,000,000 or more</td><td>Four percent (4%)</td></tr></table>
Once your Gross Sales qualify you, during a given year, for a reduced Royalty Fee, your Gross Sales will be evaluated every three (3) months to ensure that your Gross Sales are on track to remain within that tier range. Average Gross Sales for the prior three (3) month period will be evaluated and compared to the prior year’s reported Gross Sales for the same period for purposes of determining if you are performing at the same level. To maintain the Royalty Fee reduction, you must, at minimum, maintain 0% growth or better for the evaluated three (3) month period. If negative growth in Gross Sales is determined and we reasonably believe that this negative growth in Gross Sales will cause you to fall below the annual threshold level, we reserve the right to adjust your Reduced Royalty to the appropriate threshold level.</td></tr>
<tr><td>6</td><td>4.2</td><td>The “Minimum Royalty” is:

<table><tr><th>Number of Months After the Effective Date</th><th>Monthly Minimum Royalty</th></tr><tr><td>1 to 12</td><td>$400</td></tr><tr><td>13 to 24</td><td>$500</td></tr><tr><td>25 to 36</td><td>$600</td></tr><tr><td>37 to 48</td><td>$700</td></tr><tr><td>49 and each additional</td><td>$800</td></tr></table></td></tr>
</table>

<table>
<tr><th>¶</th><th>Section Cross-Reference</th><th>Item</th></tr>
<tr><td>7</td><td>13.1</td><td>Your annual Local Advertising Expenditure is:

<table>
<tr><th>Annual Gross Sales of the Franchised Business</th><th>Percent of Gross Sales to be Spent on Local Advertising Each Year</th></tr>
<tr><td>$0 to $299,999</td><td>Five percent (5%)</td></tr>
<tr><td>$300,000 to $599,999</td><td>Four percent (4%)</td></tr>
<tr><td>$600,000 to $999,999</td><td>Three and one-half percent (3.5%)</td></tr>
<tr><td>$1,000,000 or more</td><td>Three percent (3%)</td></tr>
</table>
</td></tr>
</table>

Initials

Franchisee

Franchisor

TRULY NOLEN OF AMERICA, INC.
FRANCHISE AGREEMENT
ATTACHMENT B
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce Truly Nolen of America, Inc. ("**Franchisor**") to sign the Truly Nolen Franchise Agreement between Franchisor and _____ ("**Franchisee**"), dated _____ , 20____ (the "**Agreement**"), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations (monetary and otherwise) under the Agreement as well as any other contract between you and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor's demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract with Franchisor and/or its affiliates.

- S/he waives any right to require Franchisor to: ***(a)*** proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); ***(b)*** proceed against or exhaust any security from Franchisee; ***(c)*** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or ***(d)*** give notice of demand for payment by Franchisee.

- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any of Franchisee's indebtedness or obligations, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).

- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any of its obligations under the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Agreement.

- S/he will be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement.

- S/he agrees to be individually bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following portions of the Agreement: **Section 9.3** (generally regarding trademarks), **Section 11** (generally regarding confidentiality), **Section 16** (generally regarding Transfers), **Section 18** (generally regarding obligations upon termination or expiration of this Agreement), and **Section 19** (generally regarding covenants against competition) of the Agreement.

- S/he understands that: **(a)** this Guarantee does not grant her/him any rights under the Agreement (including but not limited to the right to use any of Franchisor's marks such as the "Truly Nolen" marks) and/or the system licensed to Franchisee under the Agreement; **(b)** that they have read, in full, and understand, all of the provisions of the Agreement that are referred

to above in this Guarantee, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and **(c)** s/he has had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 27** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of Arizona, and that in the event of any conflict of law, Arizona law will prevail (without applying Arizona conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

_____	_____	_____
(in his/her personal capacity)	(in his/her personal capacity)	(in his/her personal capacity)
Printed Name:_____	Printed Name:_____	Printed Name:_____
Date:_____	Date:_____	Date:_____
Home Address:	Home Address:	Home Address:
_____	_____	_____
_____	_____	_____

TRULY NOLEN OF AMERICA, INC.
FRANCHISE AGREEMENT
ATTACHMENT C
LIST OF PRINCIPALS

Name of Principal	Home Address	Interest %

Initials

_____ _____

you Franchisor

TRULY NOLEN OF AMERICA, INC.
FRANCHISE AGREEMENT
ATTACHMENT D

AUTHORIZATION AGREEMENT FOR ACH OR CREDIT CARD PAYMENTS (DIRECT DEBITS FOR ROYALTY, SUPPLIES, PROMISSORY NOTE INSTALLMENTS, BRANDING FUND CONTRIBUTION, AND OTHER FEES)

Legal Name of Franchisee: _____

Franchise ID #: _____ Franchise Location: _____

Billing Address: _____

City, State, Zip: _____

Phone #: _____ Email Address: _____

The undersigned franchisee ("**Franchisee**" or "**you**") hereby authorizes Truly Nolen of America, Inc. ("**Franchisor**") to hold the following checking account, savings accounts, or credit/debit card information on file for the purpose of processing regular payments, as indicated below, including processing credit correction entries, if needed. This information will be securely stored at an authorized TNAI facility, such as a branch office or corporate support office. This authorization will remain in full force and effect until thirty (30) days after we receive written notice from you of its termination.

Purpose of Authorization:

- ☐ Royalties: Royalties will be charged monthly upon your submittal of the royalty report.
- ☐ Supplies: Supply invoices will be charged monthly forty-eighty (48) hours after the supply invoice is emailed to you, unless you contest the invoice.
- ☐ Promissory Note Installments: Promissory note installments will be processed on or after the 10th day of the month.
- ☐ Branding Fund Contribution: The designated branding fund contribution will be processed on or after the 10th day of the month.

For ACH Authorization:

Depository:	Branch:	
City:	State:	Zip:
Bank Transit/ABA#:	Account #:	

For Credit Card Authorization:

Type of Card: ☐ Visa ☐ Mastercard ☐ Discover ☐ American Express	
Account Type: ☐ Individual (personal credit/debit card) ☐ Corporate	
Name on Card:	
Card #:	Exp Date:

Printed Name: _____ Title: _____

Signature: _____ Date: _____

TRULY NOLEN OF AMERICA, INC.
FRANCHISE AGREEMENT
ATTACHMENT E
TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned ("**you**" or the "**Franchisee**") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination or expiration of the Franchise Agreement described below to Truly Nolen Systems Inc. ("**Franchisor**") upon the following terms:

1. This assignment is made under the terms of the Truly Nolen Systems Inc. Franchise Agreement dated _____, 20___ (the "**Franchise Agreement**") between Franchisor and you authorizing you to do business as a "Truly Nolen" franchisee, which in part pertains to the telephone listing and numbers that you used in the operation of the Truly Nolen business authorized under the Franchise Agreement.

2. you retains the limited right to use the Numbers and Listings (defined and identified below) only for transactions and advertising under the Franchise Agreement while the Franchise Agreement remains in full force, but upon termination or expiration of the Franchise Agreement, the Franchisee's limited right of use of the Numbers and Listings also terminates. In this event, you agrees to immediately discontinue use of the Numbers and Listings. At Franchisor's request, you will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the Numbers and Listings to Franchisor.

3. The telephone numbers and affiliated listings subject to this assignment are: _____ and all numbers on the rotary series and all numbers that you use in the Franchise in the future (the "**Numbers and Listings**").

4. You shall pay all amounts owed for the use of the Numbers and Listings it incurs. On termination or expiration of the Franchise Agreement, you shall immediately pay all amounts owed for the Numbers and Listings, whether or not due, including all sums owed under existing contracts for telephone directory advertising.

5. You appoint Franchisor as your attorney-in-fact to act in your place, for the purpose of assigning any telephone number covered by Paragraph 3 above to Franchisor or Franchisor's designees or transferees. You grants Franchisor full authority to act in any manner proper or necessary to the exercise of these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the Numbers and Listings, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for five (5) years from the date of expiration, cancellation or termination of your rights under the Franchise Agreement for any reason.

You intends that this power of attorney be coupled with an interest. You declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by your later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed as evidenced by their signatures appearing below.

Truly Nolen of America, Inc. Franchisor	_____ Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

TRULY NOLEN OF AMERICA, INC.
FRANCHISE AGREEMENT
ATTACHMENT F

SAMPLE FORM OF
NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
(to be signed by franchisee with its executive/management personnel)

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made this _____ day of _____, 202___, by and between _____ (the "**you**"), and _____, who is a Principal, manager, supervisor, member, partner, or a person in an executive or managerial position with, you (the "**Member**").

Background:

A. Truly Nolen of America, Inc. ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment and operation of "Truly Nolen" businesses providing pest control services, under its Proprietary Marks, as defined below (each, a "**Business**").

B. Franchisor identifies "Truly Nolen" Businesses by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "Truly Nolen") and certain other trade names, service marks, and trademarks that Franchisor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Franchisor and you have executed a Franchise Agreement ("**Franchise Agreement**") granting you the right to operate a "Truly Nolen" Business (the "**Franchised Business**") and to offer and sell products, services, and other ancillary products approved by Franchisor and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement.

D. The Member, by virtue of his or her position with you, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that you is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. Confidential Information. Member agrees that Member will not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of your operation under the terms of the Franchise Agreement. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential will be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to its attention before disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to you, had become or later becomes a part of the public domain, through publication or communication by others.

2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of his/her position with you, Member will receive valuable specialized training and confidential

information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

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

(ii) Either directly or indirectly for him/herself or on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Business.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, Member will not own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Business and which business is, or is intended to be, located within a twenty-five (25) mile radius of the Protected Territory under the Franchise Agreement.

(d) As used in this Agreement, the term "same as or similar to the Franchised Business" will include, but not be limited to, any business that offers pest control services.

(e) As used in this Agreement, the term "Post-Term Period" means a continuous uninterrupted period of two (2) years from the date of: ***(i)*** a transfer as contemplated under Section 16 of the Franchise Agreement; ***(ii)*** expiration or termination of the Franchise Agreement (regardless of the cause for termination); ***(iii)*** termination of Member's employment with you; and/or ***(iv)*** a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Agreement; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity).

3. Injunctive Relief. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Member agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, the Member agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. Delay. No delay or failure by the Franchisor or you to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement will

be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Third-Party Beneficiary. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with you.

IN WITNESS WHEREOF, the Franchisee and the Member confirm that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE	MEMBER
_____	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT D
ASSET PURCHASE AND SALE AGREEMENT

THIS ASSET PURCHASE AND SALE AGREEMENT (this **"Agreement"**), is entered into and dated as of the _____ day of _____, 20_____, by and among _____, a (individual, corporation, limited liability company or limited partnership) with its principal office located at _____(**"Buyer"**); _____(**"Guarantor"**); and **Truly Nolen of America, Inc.**, an Arizona corporation with its principal office located at 432 S Williams Blvd, Tucson, Arizona, 85711 (**"Seller"**).

WITNESSETH:

WHEREAS, Seller owns certain assets relating to a termite and pest control business, including customer contracts; and

WHEREAS, in connection with Buyer's purchase of a Truly Nolen franchise and the execution of a Truly Nolen Franchise Agreement of even date herewith, Seller wishes to sell certain assets pertaining to said business to Buyer and Buyer wishes to purchase such assets upon the terms and conditions herein set forth; and

WHEREAS, Guarantor wishes to enter into this Agreement to bind himself individually to its terms and conditions and to guarantee the Buyer's performance hereunder;

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1. The **"Accounts Receivable"** shall mean all customer accounts receivable arising out of the Contracts (as hereinafter defined) or in respect of termite and/or pest control service, on Seller's Books and Records (as hereinafter defined), net of customer payments in advance and without discount or reserve. The Accounts Receivable shall not include any termite renewal contract fees.

1.2. The **"Assets"** shall mean Seller's Accounts Receivable, Books and Records, Contracts, Fixed Assets, and Other Agreements, each as defined herein, and all of which are listed on Exhibit "D-1."

1.3. The **"Fixed Assets"** shall mean those assets set forth on Exhibit "D-2" attached hereto.

1.4. The **"Books and Records"** shall mean all of Seller's books and records relating to the Business, including but not limited to all financial and operating records, customer files, and records relating to active and canceled customer contracts and invoices.

1.5. The **"Business"** shall mean Seller's termite and pest control business but only that portion which is presently operating at the office located at _____ _____

1.6. The **"Closing"** shall mean the consummation and date of consummation of the transactions contemplated by this Agreement to be held at Buyer's principal place of business on or before the _____ day _____ of 20_____, time being of the essence.

1.7. The **"Contracts"** shall mean all of Seller's active and inactive termite and pest control customer contracts arising out of the Business.

1.8. The **"Liabilities"** shall mean all liabilities of Seller incurred in connection with the Business prior to the Closing, none of which are assumed except as expressly set forth on Exhibit "D-3" attached hereto.

1.9. The **"Other Agreements"** shall mean the other agreements pertaining to the Business to which Seller is a party, all of which are described on Exhibit "D-4" attached hereto.

1.10. The **"Excluded Assets"** shall mean all assets of the Business not listed on Exhibit "D-1" including but not limited to all cash, money market funds, bid deposits, receivables from employees, notes receivable, prepaid insurance and expenses, security deposits, any tax refund receivables, cash surrender value of officers' life insurance, employees cash advances, land, buildings and any excess costs of assets acquired over assigned values.

2. ASSETS CONVEYED AND PURCHASE PRICE

Seller hereby agrees to sell, transfer and convey to Buyer, and Buyer hereby agrees to buy the Contracts for the total sum of $_____, to be adjusted at Closing if necessary to properly reflect annualized Contract revenues. Buyer shall pay fair market value for all of the other Assets purchased, said value to be mutually agreed. The sum of the amounts paid for the Assets described in this Section 2 shall be referred to herein as the "Purchase Price." Seller will deliver to Buyer at the Closing a bill of sale for the Contracts and Accounts Receivable.

3. PAYMENT OF PURCHASE PRICE

The Purchase Price shall be paid at Closing by delivery of Buyer's check in the amount of $_____, together with an executed promissory note and security agreement in the principal amount of $_____ for the balance of the Purchase Price.

4. ASSUMPTION OF LIABILITIES

Except as expressly set forth in Exhibit "D-3", Buyer does not and shall not be deemed to have assumed any liabilities or obligations of Seller arising out of the Business, or otherwise.

5. ACCOUNTS RECEIVABLE

Seller warrants that the Accounts Receivable shall have arisen only in the ordinary course of business and shall be valid and fully collectible within one hundred eighty (180) days from Closing (less normal discounts for timely payment and customer prepayments for service, if any).

6. RISK OF LOSS

If during the period from the date hereof to the Closing, any of the Assets have been damaged or destroyed by fire or other casualty, Seller will give Buyer immediate notice thereof, and the Purchase Price shall be reduced by an amount equal to the reduction in the fair market value of the damaged or destroyed property.

7. REPRESENTATIONS AND WARRANTIES OF SELLER

In order to induce Buyer to enter into this Agreement, Seller makes the following continuing representations and warranties:

7.1. Organization and Standing. Seller is a corporation duly organized, in good standing and validly existing under the laws of the State of Arizona.

7.2. Ownership. Seller owns and has good and marketable title to or rights in all of the Assets free and clear of any and all liens, encumbrances and other imperfections in title whatsoever.

7.3. Litigation. There are no claims, actions, suits or regulatory proceedings pending or, to the knowledge of Seller threatened against or affecting Seller, the Business or the Assets, excepting those which are disclosed on Exhibit "D-5".

7.4. Brokers. Seller has not employed any broker, agent or finder or incurred any liability for any brokerage fees, agent's compensation or finder's fee in connection with the transactions contemplated herein.

7.5. Compliance with Laws. To the best of Seller's knowledge, the Assets are in conformity with all applicable regulations, ordinances and laws relating thereto.

7.6. Customers. Seller has no knowledge or reason to know of any termination, cancellation, limitation, modification or change in the business relationship of the Business with any customer or group of customers whose purchases individually or in the aggregate constitute more than five percent (5%) of the sales of the Business.

7.7. Effect of Agreement. The execution, delivery and performance of this Agreement and the transactions contemplated hereby will not violate any provision of law applicable to the Seller or the Business, or result in the breach of any provision of any contract now in force with reference to the Business or Seller or constitute a default under any such contract or result in the creation of any lien charge or encumbrance upon any of the Assets or upon the Business itself, pursuant to any mortgage, deed of trust, or other agreement or instrument to which Seller is a party, or arising due to any act or omission of Seller.

8. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that:

8.1. Organization and Standing. Buyer is a(n) _____ (individual, corporation, limited liability company or limited partnership) duly organized (if a corporation, in good standing) and validly existing under the laws of the State of _____, and has requisite power to make and perform this Agreement and the transactions contemplated herein.

8.2. Authority. The making and performance by Buyer of this Agreement and the transactions contemplated herein have been duly authorized by all necessary corporate action and will not violate any provision of law or of its organizational documents.

8.3. Brokers. Buyer has not employed any brokerage, agent or finder or incurred any liability for any brokerage fees, agent's commission or finder's fee in connection with the transactions contemplated herein.

8.4. Maintenance of Records. Seller may upon notice to Buyer inspect records of the business during normal business hours for the purpose of preparing tax returns and other reports required by government authorities and responding to tax audits.

9. SURVIVAL

All representations and warranties made hereunder shall be deemed to be material and to have been relied upon by Buyer and Seller, notwithstanding any investigation heretofore or hereafter made by or on behalf of Buyer or Seller, and shall survive the Closing.

10. INDEMNITY

10.1. By Seller. Seller will indemnify and hold Buyer harmless against and in respect of the following: (i) any and all liabilities or claims against Buyer of any nature, whether accrued, absolute, contingent or otherwise, arising out of the conduct of the Business prior to the Closing, except as specifically assumed by Buyer on Exhibit "D-3"; and (ii) any and all damage, loss or liability to Buyer resulting from any breach of warranty, untrue representations or nonfulfillment of any covenant, agreement or indemnity made by Seller hereunder.

10.2. By Buyer. Buyer will indemnify and hold Seller harmless against and in respect of the following: (i) any and all liabilities assumed by Buyer pursuant to the terms and conditions of this Agreement and Exhibit "D-3" attached hereto; (ii) any and all liabilities or claims against Seller of any nature, whether accrued, absolute, contingent or otherwise, arising out of the conduct of the Business subsequent to the Closing; and (iii) any and all damage, loss and liability to Seller resulting from any breach of warranty, untrue representation or nonfulfillment of any covenant, agreement or indemnity made by the Buyer hereunder.

11. EXPENSES

Seller and Buyer shall each pay their own expenses incidental to the preparation and carrying out of this Agreement.

12. CLOSING

At the Closing, Seller shall deliver to Buyer (i) such bill of sale, assignments, and/or other documents or instruments of conveyance, transfer or assignment, in form reasonably satisfactory to Buyer, as shall be necessary or appropriate to vest in or confirm to Buyer full, complete, good and marketable title to all of the Assets to be conveyed hereunder; and (ii) the Books and Records. Buyer shall deliver to Seller bankable funds referred to in Paragraph 3 above and the promissory note and security agreement.

13. FURTHER ACTS

Seller hereby agrees that, from time to time, upon the request of Buyer, Seller will execute and deliver such other instruments of conveyance and transfer and take such other action as Buyer may reasonably require to convey, transfer to and vest in Buyer title and possession of the Assets.

14. ENTIRE AGREEMENT

The parties agree that this Agreement and the documents expressly referred to herein contain the entire understanding of the parties with respect to the subjects addressed herein. All prior and contemporaneous negotiations, agreements, promises or understandings expressed or implied, written or oral, other than those expressly set forth or referred to herein, shall be deemed

merged into and superseded by this Agreement. This Agreement shall not be modified, altered or amended except in writing signed by the party against who enforcement is sought.

15. TAXES AND PREPAYMENTS

All personal property and other taxes relating to the Assets, utility and telephone charges, and any prepayments of and to Seller, including any prepaid Contract(s), will be prorated between the parties as of the Closing. At the Closing, any ad valorem taxes on Assets hereby purchased will be prorated between the parties to the date of the Closing. If there are any sales taxes which arise because of the sale of Assets hereunder and which are applicable to such sale, then any such taxes will be borne by the Seller.

16. GUARANTOR

Guarantor hereby enters into this Agreement for the purposes of guaranteeing the obligations of Buyer under this Agreement.

17. MISCELLANEOUS

17.1. Governing Law. This Agreement shall be governed by, construed, interpreted and enforced according to the laws of the State of Arizona, without regard to Arizona conflict of law rules.

17.2. Venue. Any proceeding relating to the enforcement of this Agreement shall be brought and conducted in Pima County, Arizona. Each of the parties hereby consents to personal jurisdiction in Pima County, Arizona and waives all objections to jurisdiction and venue in Pima County, Arizona.

17.3. Parties in Interest: Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their legal representatives, successors and assigns. However, no party may assign its rights hereunder without the written consent of the other.

17.4. Headings. The section headings herein are for convenience only and shall not limit or control construction.

17.5. Notices. Any notice to be given pursuant to this Agreement shall be in writing and shall be sufficient and deemed delivered five days after being sent prepaid by certified mail, return receipt requested, or one Business Day (as defined in Section 17.7) after being sent prepaid by commercial courier service for the same or next Business Day delivery; in each case addressed to the party at the address set forth below, or to such other address as may be provided by notice.

BUYER:	SELLER:
_____	TRULY NOLEN OF AMERICA, INC.
_____	432 S Williams Blvd
_____	Tucson, AZ 85711
_____	Attention: Treasurer

17.6. Counterparts. This Agreement may be executed in counterparts, each of which shall be regarded as the original and all of which shall constitute one and the same agreement.

17.7. Time. Time is of the essence of this Agreement with respect to each and every provision in which time is a factor. Wherever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event; and for any period of five or fewer days, only weekdays on which offices of the United States government and its agencies are open for business ("Business Days") shall be counted. Unless expressly stated otherwise, periods longer than five days shall be measured by calendar days, except that if the last day of such a period is not a Business Day, the period shall automatically be extended to the next Business Day.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date and year first above written.

BUYER:

_____

_____

By: _____

Its: _____

SELLER:

TRULY NOLEN OF AMERICA, INC.

By: _____

Its: _____

GUARANTOR:

_____
(Signature)

_____
(Print Name)

_____
(Street Address)

_____
(City, State, Zip Code)

_____
(Telephone Number)

_____
(Spouse's Signature)

_____
(Print Name)

LIST OF EXHIBITS

D-1 Assets

D-2 Fixed Assets

D-3 Assumed Liabilities

D-4 Other Agreements

D-5 Litigation

EXHIBIT E
PROMISSORY NOTE

$_____ _____, 20__

For value received, the undersigned Franchisee (**"Maker"**) promises to pay to Truly Nolen of America, Inc. (**"TNAI"**) or its assignee (each referred to herein as **"Holder"**), at Phoenix, Arizona, the principal sum of _____ U.S. Dollars ($_____), together with interest on the unpaid principal from the date of this Note at the rate of _____ percent (____%) per _____, payable in _____ (___) equal monthly installments of _____ Dollars ($_____) each, on the tenth (10th) day of each month, beginning on the tenth (10th) day after the first full calendar month following the date of this Note.

Principal and interest shall be payable in lawful money of the United States of America. Checks shall constitute payment when collected.

This Note is secured by all of the assets of Maker's Franchise business as provided in the Franchise Agreement between Maker and TNAI.

Prepayment in whole or in part may be made at any time without notice or penalty. Holder shall have the right to credit all payments received first against accrued but unpaid interest, then against any unpaid principal payment which is due or in default, and shall thereafter credit the remainder of any payment against the last principal payment(s) due under this Note. Holder shall have the right to offset payments due hereunder against any amounts which are or may become payable from Holder to Maker.

Should any installment due hereunder not be paid as it matures, the amount of such installment which constitutes interest shall bear interest at the same rate as principal.

A default shall be deemed to have occurred in the event (i) the Maker of this Note shall fail to pay any payment under this Note when due; (ii) the Franchise Agreement between Maker and TNAI is terminated; (iii) any event of default occurs under the Franchise Agreement or any other agreement between Maker and TNAI, if the default is not cured within the time permitted, if any, under such agreement; (iv) Maker becomes bankrupt or insolvent, or dies; (v) a judgment in excess of One Thousand Dollars ($1,000.00) is entered against Maker and remains unsatisfied for over thirty (30) days; (vi) a levy of attachment, execution or any other process is made against any of the assets of Maker; (vii) Maker fails to pay, withhold, collect or remit any tax or tax deficiency when assessed or due; (viii) Maker makes a bulk sale or gives notice of an intent to do so; (ix) Maker suspends the conduct of business under the Franchise Agreement; or (x) Holder, at any time in its sole and absolute good faith discretion, believes that Maker's financial condition has become materially impaired or unsatisfactory.

Should a default occur, then the whole sum of principal, and interest thereon which shall then have accrued but which remains unpaid, shall become immediately due and payable at the option of Holder, with default interest on the entire unpaid principal and accrued and unpaid interest from the date of such default until paid at the lesser of (i) the rate of one percent (1%) per month, or (ii) the highest rate permitted by applicable commercial usury laws.

It is the intention of the parties hereto to conform strictly to applicable usury laws. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the laws of the United States of America), then, in that event, notwithstanding anything to the contrary in this Note, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest that is contracted for, taken, reserved, charged or received under this Note shall under no circumstances exceed the

maximum amount allowed by such applicable law; (ii) in the event the maturity of this Note is accelerated by reason of an event of default, or in the event of any permitted prepayment, then such consideration that constitutes interest under applicable law may never include more than the maximum amount allowed by such applicable law; (iii) and excess interest, if any, provided for in this Note or otherwise shall be cancelled automatically and, if theretofore paid, shall be credited by Holder on the principal amount of this Note (or, to the extent that the principal amount of this Note shall have been or would thereby be paid in full, refunded by Holder to Maker). The acceleration of the maturity of this Note does not include the acceleration of any interest which has not otherwise accrued on the date of such acceleration, and Holder does not intend to collect any unearned interest in the event of acceleration.

Maker waives demand, diligence, and presentment for payment, protest and notice of demand, protest and nonpayment. Maker further agrees that the granting without notice of any extension of time for payment of any sum due hereunder, or under any security agreement, guaranty or other instrument securing this Note, or for the performance of any covenant, condition or agreement hereof or thereof, or the taking or release of other or additional security, shall in no way release or discharge the liability of Maker. Maker further agrees that this Note shall be enforceable by Holder notwithstanding the existence of any claim or cause of action by Maker against TNAI or Holder.

This Note shall be governed by and construed under the laws of the State of Arizona, without giving effect to the application of any Arizona conflict of law rules. Any proceeding brought by Holder against Maker may be brought in Pima County, Arizona, and Maker waives all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

In the event Holder is required to file any action, legal or other, to enforce its rights under this Note, Holder shall be entitled to an award of its reasonable attorneys' fees and costs incurred in connection therewith.

Time is of the essence of this Note and each and every term and provision hereof. Holder's waiver of a default, or delay or failure to exercise any right upon default, or acceptance of late or partial payments, shall not be a waiver of Holder's rights and shall not impair Holder's rights upon other defaults of the same or a different kind.

Holder may negotiate, sell, assign or transfer all rights and interest in this Note at any time.

FRANCHISEE ["MAKER"]:

_____
(Full legal name of entity)

By:_____

Printed Name: _____

Its:_____

EXHIBIT F
LEASE

1. PARTIES. This Lease, dated as of this _____ day of _____, 20____ is made by and between Truly Nolen of America, Inc. (herein called **"Landlord"**) and _____ (herein called **"Tenant"**).

2. PREMISES. Landlord does hereby lease to Tenant and Tenant hereby leases from Landlord that certain space (herein called **"Premises"**) containing approximately _____ square feet of floor area. The premises are being leased in **"AS IS"** condition. Landlord is leasing the Premises to Tenant because Tenant is a Franchisee of Landlord, and Landlord would not otherwise lease the Premises to Tenant. Said Premises are located at _____ in the City of _____, _____ County, State of _____. This Lease is subject to the terms, covenants and conditions herein set forth and the Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions by it to be kept and performed.

3. USE. Tenant shall use the Premises for an office from which to conduct a Truly Nolen pest control and/or termite control business and related services as authorized by the Franchise Agreement between Tenant and Landlord. Tenant shall not use or permit the Premises to be used for any other purpose without the prior written consent of Landlord, which Landlord may withhold in its sole and absolute discretion.

4. MINIMUM RENT.

4.1. Tenant agrees to pay Landlord as Minimum Rent, without notice or demand the monthly sum of _____ ($_____) Dollars, in advance on or before the first day of each and every successive calendar month during the term hereof, except the first month's rent shall be paid upon the execution hereof. Said rental does not include those additional adjustments and charges to be paid by Tenant as called for in those paragraphs describing: Real Estate Taxes, Personal Property Taxes, Parking and Maintenance and Repair, Insurance, Utilities, or any other obligations of Tenant as called for in this Lease. The rental shall commence on the _____ day of _____, 20____. Rent for any period which is less than one (1) month shall be a prorated portion of the monthly installments herein based upon a thirty (30) day month. All rent shall be paid to Landlord without deduction or offset, in lawful money of the United States of America and at such place as Landlord may from time to time designate in writing.

4.2 For each successive year of the Lease, the minimum rent shall be increased by an amount equal to **_____ percent (_____%) of the minimum monthly rent.**

5. TERM. The Lease term shall be _____ (_____) years from the date of this Lease. If Tenant is not in default, Tenant will be entitled to renew this Lease _____ (____) times for consecutive _____ (____) year terms. Rent for the first year of each option term will be minimum monthly rent for the prior year plus a _____ percent (_____%) increase. All other terms and conditions will remain the same.

6. SECURITY DEPOSIT. Concurrently with Tenant's execution of this Lease, Tenant will deposit with Landlord the sum of $_____ as a security deposit. The Landlord shall allocate said sum toward the last month's rent to be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease during the term hereof. If Tenant defaults with respect to any provision of this Lease, including, but not limited to the provisions relating

to the payment of rent, Landlord may (but shall not be required to) use, apply, or retain all or any part of this security deposit for the payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within ten (10) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount and Tenant's failure to do so shall be a default under this Lease. Landlord shall not be required to keep this security deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease, the security deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within ten (10) days following the expiration and non-renewal of the Lease term. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said deposit to Landlord's successor in interest.

7. ADDITIONAL CHARGES.

7.1. It is mutually intended and understood that said minimum rent is a "net" rent to Landlord, and that all taxes (except Landlord's personal income taxes), maintenance costs, landscaping costs, insurance costs, and other charges, assessments, and expenses attributable to the demised Premises shall be paid by Tenant in addition to said rent, as hereinafter provided. It is understood that landscaping, maintenance, outside lighting, outside janitorial, insurance, and real estate taxes will be paid by Tenant. Tenant agrees to pay, when due and before same shall become delinquent, all charges for light, power, heat and other utilities, including water and sewer and environmental charges used by Tenant during the term of this Lease.

7.2. In addition to the minimum monthly rent provided in Article 4 and commencing on the date of this Lease, Tenant shall pay to the Landlord the following items, herein called Adjustments:

(1) All of Tenant's estimated real estate taxes. Said real estate taxes shall include any assessments that are levied upon or assessed against the Premises.

(2) All of Tenant's insurance premiums for fire, extended coverage, liability, business interruption and any other insurance that Landlord deems necessary on the Premises.

(3) All of Tenant's costs to maintain and repair the common areas of the facility, parking lots, sidewalks, driveways, signs, and other areas of the Premises. Repair shall only be to a standard equal to the condition of the parking and Premises at the time Tenant took occupancy.

8. USES PROHIBITED. Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything which is not within the permitted use of the Premises which will in any way increase the existing rate of or affect any fire or other insurance upon the building where the Premises are located, or any of its contents, or cause a cancellation of any insurance policy covering said building or any part thereof or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the building or injure or annoy them or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose; nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or allow to be committed any waste in or upon the Premises.

9. COMPLIANCE WITH LAW. Tenant shall not use the Premises, or permit anything to be done in or about the Premises, which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules,

regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between the Landlord and Tenant.

10. ALTERATIONS AND ADDITIONS. Tenant shall not make or allow to be made any alterations, additions or improvements to or of the Premises or any part thereof without first obtaining the written consent of Landlord, which shall not be unreasonably withheld; ***provided, however***, that all such alterations, additions and improvements must conform to the standards established from time to time by Landlord for the Truly Nolen system. Any alterations, additions or improvements to or of said Premises, including, but not limited to, wall coverings, paneling, and built-in cabinet work, but excepting movable furniture and trade fixtures, shall at once become a part of the realty and belong to the Landlord and shall be surrendered with the Premises. In the event Landlord consents to the making of any alterations, additions, or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense. Upon the expiration and non-renewal or the sooner termination of this Lease, Tenant shall, upon written demand by Landlord, given at least thirty (30) days prior to the end of the term, at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Tenant, designated by Landlord to be removed, and Tenant shall, forthwith and with all due diligence, at its sole cost and expense, repair any damage to the Premises caused by such removal.

11. REPAIRS.

11.1. Upon commencement of this Lease, Tenant shall be deemed to have accepted the Premises as being in good, sanitary order, condition and repair. Tenant shall, at Tenant's sole cost and expense, keep the Premises and every part thereof in good condition and repair including without limitation, the maintenance, replacement and repair of any storefront, doors, window casements, glazing, plumbing (except concealed plumbing within the walls or doors), pipes, electrical wiring and conduits, heating and air conditioning system (when there is an air conditioning system). Tenant shall, upon the expiration or sooner termination of this Lease hereof, surrender the Premises to the Landlord in good condition, broom clean, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted. Any damage to adjacent premises caused by Tenant's use of the Premises shall be repaired at the sole cost and expense of Tenant.

11.2. Notwithstanding the provisions of Section 11.1. above, Landlord shall repair and maintain the structural portions of the building, including the exterior walls and roof, unless such maintenance and repairs are caused in part or in whole by the act, neglect, fault or omission of any duty by the Tenant, its agents, servants, employees, invitees, or any damage caused by breaking and entering, in which case Tenant shall pay to Landlord the actual cost of such maintenance and repairs. Landlord shall not be liable for any failure to make such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repair or maintenance is given to Landlord by Tenant. Except as provided in Article 25 hereof, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the building or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect.

12. LIENS. Tenant shall keep the Premises and the building in which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Tenant.

13. ASSIGNMENT AND SUBLETTING. Tenant shall not either voluntarily, or by operation of law assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the said Premises or any part thereof, or any right or privilege appurtenant thereto, or allow any other person (the employees, agents, servants, and invitees of Tenant excepted) to occupy or use the said Premises, or any portion thereof, without first obtaining the written consent of Landlord, which Landlord may withhold in its sole and absolute discretion. A consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use by another person. Consent to any such assignment or subletting shall not relieve Tenant of any liability under this Lease, unless evidence is provided to Landlord that the assignee Tenant has a net worth (defined herein as the total of cash, publicly traded securities and real estate, net of mortgages and all other obligations) equal to or greater than the assignor Tenant, and provided that the principal owner of said assignee Tenant agrees to execute a personal guarantee to Landlord pursuant to such assignment. Assignee Tenant shall provide Landlord with signed financial statements and an appropriate credit evaluation. Any such assignment or subletting without consent shall be void, and shall, at the option of the Landlord, constitute a default under the terms of this Lease.

14. HOLD HARMLESS.

14.1. Tenant shall indemnify and hold Landlord harmless against and from any and all claims arising from Tenant's use of the Premises or from the conduct of its business or from any activity, work, or other things done, permitted or suffered by the Tenant in or about the Premises. Tenant shall further indemnify and hold Landlord harmless against and from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of the Tenant, or any officer, agent, employee, guest, or invitee of Tenant, and from all costs, attorneys' fees, and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon, and in case any action or proceeding be brought against Landlord by reason of such claim. Tenant upon notice from Landlord shall defend Landlord at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises, from any cause other than Landlord's gross negligence or willful misconduct; and Tenant hereby waives all claims in respect thereof against Landlord. Tenant shall give prompt notice to Landlord in case of casualty or accidents in the Premises.

14.2. Landlord or its agents shall not be liable for any loss or damage to persons resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Premises or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface or from any other place resulting from dampness or any other cause whatsoever, unless caused by or due to the gross negligence or willful misconduct of Landlord, its agents, servants or employees. Landlord or its agents shall not be liable for interference with the light, or air.

15. SUBROGATION. As long as their respective insurers so permit, Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall apply to their insurers to obtain said waivers. Each party shall obtain any special endorsements, if required by their insurer to evidence compliance with the aforementioned waiver.

16. LIABILITY INSURANCE. Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease all insurance as required by the Franchise Agreement between Tenant and Landlord. The limit of any such insurance shall not, however, limit the liability of the Tenant hereunder. If Tenant shall fail to procure and maintain said insurance, Landlord may, but shall not be required to procure and maintain same, but at the expense of Tenant. Tenant shall name landlord as co-insured

and shall deliver to Landlord, within ten (10) days after any policy is issued or renewed, copies of policies of such insurance required herein or certificated evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Landlord. All such policies shall be written as primary policies not contributing with and not in excess of coverage which Landlord may carry.

17. UTILITIES. Tenant shall pay for all water, gas, heat, light, power, sewer charges, telephone service and all other services and utilities supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Tenant, Tenant shall pay a pro rata share of all charges jointly metered with other portions of the building in which the Premises are located.

18. PERSONAL PROPERTY TAXES. Tenant shall pay, or cause to be paid, before delinquency any and all taxes levied or assessed and which become payable during the term hereof upon all Tenant's leasehold improvements, equipment, furniture and any other personal property located in the Premises. In the event any or all of the Tenant's leasehold improvements, equipment, furniture, fixtures and other personal property shall be assessed and taxed with the real property, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property, or ten (10) days after Tenant receives in writing from the taxing authority or such taxes applicable to Tenant's property, whichever occurs.

19. RULES AND REGULATIONS. Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate and/or modify, a current copy of which is attached hereto and made a part hereof as Exhibit "1". The rules and regulations shall be binding upon the Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible to Tenant for the nonperformance of any said rules and regulations by any other tenants or occupants, unless Landlord has been so notified by Tenant in accordance with the provisions of Article 24 of this Lease.

20. HOLDING OVER. If Tenant remains in possession of the Premises or any part thereof after the expiration and non-renewal hereof with the express written consent of Landlord, such occupancy shall be a tenancy from month to month at a rental in an amount equal to 120% of the last Monthly Minimum Rent, plus all other charges payable hereunder, and upon all the terms hereof applicable to a month to month tenancy.

21. ENTRY BY LANDLORD. Landlord reserves the right to enter the Premises to inspect the same, to submit said Premises to prospective purchasers or tenants, to repair the Premises and any portion of the building of which the Premises are a part that Landlord may deem necessary or desirable, without abatement of rent. Landlord may for that purpose erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, always providing that the entrance to the Premises shall not be unreasonably blocked thereby, and further providing that the business of the Tenant shall not be interfered with unreasonably. Tenant hereby waives any claim for damages or for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon, and about the Premises (excluding Tenant's vaults, safes and files). Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property, and any entry to the Premises obtained by Landlord shall not be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

22. TENANT'S DEFAULT. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant.

22.1. The vacating or abandonment of the Premises by Tenant.

22.2. The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) days after notice by Landlord to Tenant of the failure to make the payment.

22.3. Any breach or default by Tenant under the Franchise Agreement, as amended if applicable, between Tenant and Landlord, which is not cured within the cure period, if any, provided for therein, or any termination of the Franchise Agreement.

22.4. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by the Tenant, other than described in Sections 22.1 through 22.3 inclusive, where such failure shall continue for a period of one (1) month after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than one (1) month is reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said one (1) month period, thereafter diligently prosecutes such cure to completion, and the cure is completed within a total of three (3) months.

22.5. The making by Tenant of any assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt; or a petition or reorganization or arrangement under any law relating to bankruptcy; or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within one (1) month; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within one (1) month.

23. REMEDIES IN DEFAULT. In the event of any default or breach by Tenant, Landlord may at any time thereafter, in its sole discretion, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach, exercise any of the following options:

23.1. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises; reasonable attorneys' fees; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent and other charges and Adjustments called for herein for the balance of the term after the time of such award exceeds the amount of such loss for the same period that Tenant proves could be reasonably avoided; and that portion of any leasing commission paid by Landlord and applicable to the unexpired term of this Lease. The Landlord shall be required to use reasonable advertising efforts to replace the Tenant. Unpaid installments of rent or other sums shall bear interest from the date due at the maximum legal rate.

23.2. Maintain Tenant's right to possession in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent and any other charges and Adjustments as may become due hereunder.

23.3. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State in which the Premises are located.

24. DEFAULT BY LANDLORD. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than one (1) month after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation. Provided, however, that if the nature of Landlord's obligation is such that more than one (1) month is required for performance then Landlord shall not be in default if Landlord commences performance within such one (1) month period, thereafter diligently prosecutes the same to completion and the cure is completed within a total of three (3) months. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default, and Tenant's remedies shall be limited to damages and/or an injunction. In the event that Landlord's continued default (after notification of default pursuant to the notice provisions of this paragraph) causes a substantial disruption of Tenant's business, Tenant, upon three (3) days' written notice by certified mail to Landlord, may take steps to put Landlord in compliance and deduct the costs to do so from the future rents owed to Landlord.

25. RECONSTRUCTION. In the event the Premises are damaged by fire or other perils covered by extended coverage insurance, Landlord agrees to forthwith repair same, and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate reduction of the Minimum Rent from the date of damage and while such repairs are being made. Such proportionate reduction shall be based upon the extent to which the damage and making of such repairs shall reasonably interfere with the business carried on by the Tenant in the Premises. If the damage is due to the fault or neglect of Tenant or any officer, agent, employee, guest or invitee of Tenant, there shall be no abatement of rent.

25.1. In the event the Premises are damaged as a result of any cause other than the perils covered by fire and extended coverage insurance, then Landlord shall forthwith repair the same, provided the extent of the destruction be less than twenty (20%) percent of the then full replacement cost of the Premises. If damages not caused by the fault or neglect of Tenant or any officer, agent, employee, guest or invitee of Tenant, exceed 20% of the Premises, Tenant may elect to cancel the remaining term of the Lease, and receive a full and prompt return of any security deposit maintained by Landlord. Said notice of cancellation pursuant to the terms of this paragraph must be received by Landlord within thirty (30) days of the date such damage was incurred.

25.2. Notwithstanding anything to the contrary contained in this Article 25, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises when the damage resulting from any casualty covered under this Article 25 occurs during the last twelve months of the term of this Lease or any renewal thereof.

25.3. Landlord shall not be required to repair any injury or damage by fire or other cause, or to make any repairs or replacement of any leasehold improvements, fixtures, or other personal property of Tenant, unless such injury or damage was caused by Landlord's gross negligence or willful misconduct.

26. CONDEMNATION & EMINENT DOMAIN. During the term of this Lease, or any extension thereof, if any governmental body or agency takes any portion of the leased property by eminent domain or other condemnation process, the award or compensation for the real estate interests (both taking and severance damages) therefore shall go and belong solely to Landlord. Tenant shall be entitled to seek and obtain compensation from the governmental authorities for any leasehold or possessory rights hereunder and for costs of relocation. In such event, Tenant shall have the right to terminate this Lease.

27. PARKING AREAS. The Tenant shall keep its automobile parking areas in a neat, clean and orderly condition and shall repair any damage to the facilities thereof, but all expenses in connection with said automobile parking shall be charged and prorated in the manner as set forth in Article 7 hereof.

28. SIGNS. The Tenant may affix and maintain upon the glass panes and supports of the show windows and upon the exterior walls of the Premises signs, advertising placards, names, insignia, trademarks and descriptive materials. Anything to the contrary in this Lease notwithstanding, Tenant shall not affix any sign to the roof. Tenant is entitled to use any existing monument sign, and to place lighted signs on Tenant's portion of the exterior of the building, provided however that all such signs and banners referred to herein shall be professionally lettered. Tenant may install a reader board for Tenant's sole use, and utilize awning or wall mounted signs and banners. Tenant is responsible for complying with all zoning and sign codes. All signs and the placement thereof must comply with the standards established by Landlord for the Truly Nolen franchise system.

29. DISPLAYS. The Tenant may not display or sell merchandise outside the defined exterior walls and permanent doorways of the Premises. Tenant further agrees not to install any exterior lighting, amplifiers or similar devices or use in or about the Premises any advertising medium which may be heard or seen outside the Premises, such as flashing lights, searchlights, loudspeakers, phonographs or radio broadcasts.

30. AUCTIONS. Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the Premises whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors or pursuant to any bankruptcy or other insolvency proceeding.

31. GENERAL PROVISIONS.

31.1. Clauses, plats, riders and addenda, if any, affixed to this Lease are a part hereof.

31.2. The waiver by Landlord of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding default by Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding default at the time of the acceptance of such rent.

31.3. If there be more than one tenant, the obligations hereunder imposed shall be joint and several.

31.4. The captions to the sections of this Lease are for convenience and shall have no effect upon the construction or interpretation of any part hereof.

31.5. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

31.6. Neither Landlord nor Tenant shall record this Lease, but a short form memorandum hereof may be recorded.

31.7. Upon Tenant paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all the provisions of this Lease.

31.8. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by terms

of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after said amount is past due, then Tenant shall pay to Landlord a late charge equal to five (5%) percent of such overdue amount, but not to exceed any limit imposed by applicable commercial usury laws, plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay rent and/or other charges when due hereunder. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of such late charges by the Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

31.9. Payment by Tenant of any amount due under this Lease shall not be deemed made until it is received and collected in good funds by Landlord.

31.10. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

31.11. This Lease and the obligations of the Tenant hereunder shall not be affected or impaired because the Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Landlord.

31.12. Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

31.13. No remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.

31.14. This Lease shall be governed by the laws of the State where the Premises are located.

31.15. In the event of any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover the fees and costs of its attorneys in such action or proceeding, including costs of appeal, if any.

31.16. In the event of any sale of the Premises by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser, at such sale or any subsequent sale of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this Lease.

31.17. Upon request of the Landlord, Tenant will in writing subordinate its rights hereunder to the lien of any mortgage or deed of trust, to any bank, insurance company or other lending institution, now or hereafter in force against the Premises, and to all advances made or hereafter to be made upon the security thereof.

31.18. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Landlord covering the Premises, the Tenant shall attorn to the purchaser under any such foreclosure or trustee sale and recognize such purchaser as the Landlord under this Lease.

31.19. The provisions of this Article to the contrary notwithstanding, and so long as Tenant is not in default hereunder, this Lease shall remain in full force and effect for the full term hereof.

31.20. Every provision for notice, demand, or request required under any agreement between the parties or by applicable law shall be deemed fulfilled by written notice, demand or request personally served on (or mailed or sent by nationwide commercial courier to, as hereinafter provided) the party entitled thereto or its successors or assigns. If mailed, such notice, demand or request shall be made by certified or registered mail, deposited in any postal station enclosed in a postage paid envelope addressed to such party at its address and shall be deemed delivered to the party on the fifth (5th) business day after being deposited in the United States mail if not received earlier. Change of address by a party shall be given by like written notice. If sent prepaid by commercial courier, delivery shall be deemed to have been made on the first (1st) business day after delivery to the courier.

TO THE LANDLORD AT:

Truly Nolen of America, Inc.
432 S Williams Blvd
Tucson, Arizona 85711
Attention: Treasurer

TO THE TENANT AT:

_____
_____
_____
_____

31.21. Tenant shall at any time and from time to time, upon not less than three (3) days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), and the date to which the rental and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of the Landlord hereunder, or specifying such defaults if any are claimed, and (c) setting forth the date of commencement of rents and expiration of the term hereof. Any such statement may be relied upon by a prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part.

31.22. If Tenant is a corporation or other form of business entity, each individual executing this Lease on behalf of said entity represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said entity, in accordance with the governing documents of said entity, and that this Lease is binding upon said entity.

31.23. All amounts to be paid by Tenant under this Lease shall be in legal tender of the United States of America, either in the form of currency or by check. Should Tenant fail to make any payment under this Lease when the same is due, all future payments by Tenant under this Lease shall be by certified check.

32. HAZARDOUS SUBSTANCES.

32.1. Tenant shall disclose in writing to Landlord all hazardous substances as defined by the Environmental Protection Act or by any applicable state or local laws which may be stored or used on the Premises. Tenant shall obtain all required permits from the federal, state and local regulatory agencies that may control the storage, use, and disposal of any such substance, and shall provide Landlord with a copy thereof.

32.2. Tenant warrants that it shall properly store, use and dispose of any hazardous substance which is used in connection with this leasehold, or brought onto the Premises. Tenant shall indemnify Landlord for the costs or fulfill any requirement to remove, dispose, or clean the leased premises, or any other area that may require such measures as a result of Tenant conduct or use of hazardous substances. Landlord will hold Tenant harmless from liability with respect to any requirement to remove, dispose or clean the leased premises of pre-existing hazardous wastes. Tenant shall include Landlord as an additional insured on any insurance covering hazardous substances.

33. BROKERS. Tenant warrants that it has had no dealings with any real estate broker or agents in connection with the negotiations of this Lease, and it knows of no real estate broker or agent who is entitled to a commission in connection with this Lease.

34. GUARANTEE. Simultaneously with the signing of this Lease and the Franchise Agreement, the controlling owner of Tenant is signing a personal continuing guaranty guarantying the obligations of Tenant under the Franchise Agreement and this Lease. Landlord would not sign the Lease but for simultaneous signing of the guarantee. The Landlord's signing of this Lease is consideration for the execution of the guaranty.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by persons duly authorized to do so on the day and year first hereinabove written.

LANDLORD:	**TENANT:**
By:_____	By:_____
Its:_____	Its:_____
By:_____	By:_____
Its:_____	Its:_____

EXHIBIT G
FINANCIAL STATEMENTS

For years ending
December 2021, 2020, and 2019

- and -

Unaudited financial information for
the period ending May 31, 2022*

* THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

TRULY NOLEN OF AMERICA, INC.

YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

TRULY NOLEN OF AMERICA, INC.

YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

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Independent Auditors' Report

Board of Directors and Management
Truly Nolen of America, Inc.
Tucson, Arizona

Opinion

We have audited the accompanying consolidated financial statements of Truly Nolen of America, Inc., which comprise the consolidated balance sheets as of December 31, 2021, 2020 and 2019 and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Truly Nolen of America, Inc. as of December 31, 2021, 2020, and 2019 and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Truly Nolen of America, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Truly Nolen of America, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. All the supplementary information on page 24 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Beach Fleischman PLLC

Tucson, Arizona
April 27, 2022

TRULY NOLEN OF AMERICA, INC.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021, 2020 AND 2019

ASSETS

	2021	2020	2019
Current assets:			
Cash and cash equivalents	$ 10,394,952	$ 12,446,158	$ 8,018,735
Trade receivables, net	4,738,400	4,838,496	5,226,971
Other receivables	160,826	298,781	322,383
Contract assets	284,454	390,669	439,706
Materials inventory	588,149	498,354	457,241
Operating supplies	775,836	743,835	517,390
Prepaid expenses	1,363,516	999,545	1,260,199
Total current assets	18,306,133	20,215,838	16,242,625
Property and equipment, net	27,756,407	27,141,145	28,174,404
Other assets	2,554,869	1,707,501	74,180
Interest rate swap agreements	100,593	307,456	43,451
	$ 48,718,002	$ 49,371,940	$ 44,534,660

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:			
Current portion of long-term debt	$ 1,285,466	$ 1,264,603	$ 1,243,850
Accounts payable	4,570,809	3,941,367	2,324,412
Accrued expenses	9,499,937	9,204,446	8,444,936
Advance collections on service contracts	9,102,049	10,226,962	10,214,324
Deferred revenue	5,969,698	5,984,391	6,107,251
Total current liabilities	30,427,959	30,621,769	28,334,773
Long-term debt, net of current portion	4,901,274	6,191,404	7,445,290
Commitments and contingencies			
Shareholders' equity	13,388,769	12,558,767	8,754,597
	$ 48,718,002	$ 49,371,940	$ 44,534,660

See notes to consolidated financial statements.

TRULY NOLEN OF AMERICA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	2021		2020		2019	
	Amount	Percent of revenue	Amount	Percent of revenue	Amount	Percent of revenue
Revenues	$ 123,373,682	100.0 %	$ 120,985,422	100.0 %	$ 118,906,762	100.0 %
Operating expenses	114,246,592	92.6	111,886,455	92.5	112,060,758	94.2
	9,127,090	7.4	9,098,967	7.5	6,846,004	5.8
Other operating:						
Gain (loss) on disposal of assets	(43,799)	-	169,928	0.1	327,158	0.3
Consulting, rent and other, net	247,085	0.2	241,321	0.2	407,643	0.3
Income from operations	9,330,376	7.6	9,510,216	7.8	7,580,805	6.4
Other income (expense):						
Interest income	17,808	-	42,520	-	47,088	-
Interest expense	(249,968)	(0.2)	(306,763)	(0.2)	(350,270)	(0.3)
	(232,160)	(0.2)	(264,243)	(0.2)	(303,182)	(0.3)
Income before income taxes	9,098,216	7.4	9,245,973	7.6	7,277,623	6.1
Income tax expense	61,351	-	5,808	-	23,627	-
Net income	$ 9,036,865	7.4 %	$ 9,240,165	7.6 %	$ 7,253,996	6.1 %

See notes to consolidated financial statements.

TRULY NOLEN OF AMERICA, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	2021	2020	2019
Net income	$ 9,036,865	$ 9,240,165	$ 7,253,996
Other comprehensive income (loss):			
Unrealized gain (loss) on interest rate swap agreement	(206,863)	264,005	282,705
Comprehensive income	$ 8,830,002	$ 9,504,170	$ 7,536,701

See notes to consolidated financial statements.

TRULY NOLEN OF AMERICA, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Common stock, $.01 par value			Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total
	Shares						
	Authorized	Issued and outstanding	Amount				
Balance, December 31, 2018	400,000	400,000	$ 4,000	$ 1,335,263	$ (239,254)	$ 5,417,887	$ 6,517,896
Net income	-	-	-	-	-	7,253,996	7,253,996
Other comprehensive income	-	-	-	-	282,705	-	282,705
Distributions	-	-	-	-	-	(5,300,000)	(5,300,000)
Balance, December 31, 2019	400,000	400,000	4,000	1,335,263	43,451	7,371,883	8,754,597
Net income	-	-	-	-	-	9,240,165	9,240,165
Other comprehensive income	-	-	-	-	264,005	-	264,005
Distributions	-	-	-	-	-	(5,700,000)	(5,700,000)
Balance, December 31, 2020	400,000	400,000	4,000	1,335,263	307,456	10,912,048	12,558,767
Net income	-	-	-	-	-	9,036,865	9,036,865
Other comprehensive loss	-	-	-	-	(206,863)	-	(206,863)
Distributions	-	-	-	-	-	(8,000,000)	(8,000,000)
Balance, December 31, 2021	400,000	400,000	$ 4,000	$ 1,335,263	$ 100,593	$ 11,948,913	$ 13,388,769

See notes to consolidated financial statements.

TRULY NOLEN OF AMERICA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	2021	2020	2019
Cash flows from operating activities:			
Net income	$ 9,036,865	$ 9,240,165	$ 7,253,996
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,298,184	2,174,958	2,589,840
(Gain) loss on disposal of assets	43,799	(169,928)	(327,158)
Bad debt expense	531,680	354,397	601,903
Changes in operating assets and liabilities:			
Trade receivables	(431,584)	34,078	577,081
Other receivables	137,955	23,602	(10,451)
Contract assets	106,215	49,037	334
Materials inventory	(89,795)	(41,113)	72,806
Operating supplies	(32,001)	(226,445)	83,029
Prepaid expenses	(363,971)	260,652	111,458
Other assets	(7,259)	-	17,203
Accounts payable	629,442	1,616,955	(127,166)
Accrued expenses	99,374	759,510	(611,569)
Advance collections on service contracts	(1,124,913)	12,638	672,321
Deferred revenue	(14,693)	(122,860)	146,674
Total adjustments	1,782,433	4,725,481	3,796,305
Net cash provided by operating activities	10,819,298	13,965,646	11,050,301
Cash flows from investing activities:			
Purchases of property and equipment	(2,560,657)	(1,489,927)	(1,226,022)
Proceeds from disposal of assets	35,300	524,400	485,245
Purchase of customer contracts	(1,075,880)	(1,639,563)	-
Net cash used in investing activities	(3,601,237)	(2,605,090)	(740,777)
Cash flows from financing activities:			
Repayments on long-term debt	(1,269,267)	(1,233,133)	(1,257,127)
Distributions paid	(8,000,000)	(5,700,000)	(5,300,000)
Net cash used in financing activities	(9,269,267)	(6,933,133)	(6,557,127)
Net increase (decrease) in cash and cash equivalents	(2,051,206)	4,427,423	3,752,397
Cash and cash equivalents, beginning	12,446,158	8,018,735	4,266,338
Cash and cash equivalents, ending	$ 10,394,952	$ 12,446,158	$ 8,018,735

See notes to consolidated financial statements.

1. Description of business and summary of significant accounting policies:

Description of business:

Truly Nolen of America, Inc. (the Company) was incorporated in July 1960 under the laws of Arizona. The Company is a full-service residential and commercial termite, pest control and lawn care company operating primarily in Arizona, Florida, California, Texas, Nevada, New Mexico and Utah. The Company also has various franchises and subcontract agreements with companies in most of the continental United States. The Company's viability is dependent upon the strength of the pest control and lawn care industries, local economies, and the Company's ability to collect on its contracts.

Spyder Luke, LLC, a wholly owned subsidiary, owns and operates an airplane used in connection with the Company's operations. As a limited liability company, the member's liability is limited.

SSR Research, LLC, a wholly owned subsidiary, was organized to focus on research, development, and distribution of products for pest, lawn, termite and rodent control. As a limited liability company, the member's liability is limited. In February 2021, the board of directors made the decision to terminate this entity. The entity was formally dissolved January 2022.

TN Springs, LLC, a wholly owned subsidiary, owns real estate property in Arizona that is leased back to the Company. As a limited liability company, the member's liability is limited.

Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Spyder Luke, LLC, SSR Research, LLC and TN Springs, LLC. All significant intercompany accounts and transactions have been eliminated.

Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and assumptions, including those related to inputs used to recognize revenue over time and at a point in time. Actual results could differ materially from such estimates and assumptions.

1. Description of business and summary of significant accounting policies (continued):

Revenue recognition:

The Company recognizes revenue upon transfer of control of promised services to customers in an amount that reflects the consideration expected to receive in exchange for those services. The Company enters into contracts that can include various combinations of services, each of which are distinct and accounted for as separate performance obligations.

Revenues recognized from contracts, net of contract discounts and allowances (including cash discounts), are included in revenues earned, net.

Because the Company almost always acts as a principal under the contracts, revenues are recognized at gross. The Company is considered the principal because the Company controls the contractually specified services before they are transferred to the customer.

Transaction price:

The transaction price is the amount of consideration the Company expects to be entitled to in exchange for transferring services to the customer. When a contract has a single performance obligation, the entire transaction price is attributed to that performance obligation. When a contract has more than one performance obligation, the transaction price is allocated to each performance obligation based on estimated relative standalone selling prices of the services at the inception of the contract.

Performance obligations:

The Company contracts with its customers to provide the following services, each of which is a distinct performance obligation:

Franchise revenues:

Franchise royalty income has been recognized in accordance with the methods set forth in the agreements. Revenues from sales of individual franchises is generally recognized, net of an allowance for uncollectible accounts, when substantially all significant services provided by the Company have been performed. In situations, however, where revenues from such sales are collectible over an extended period of time, revenues are recognized on the installment method as amounts are collected.

1. Description of business and summary of significant accounting policies (continued):

Revenue recognition (continued):

Performance obligations (continued):

Pest control services and lawn care services:

The Company provides pest control services to protect residential and commercial properties from common pests, including rodents and insects. Pest control generally consists of assessing a customer's property for conditions that invite pests, tackling current infestations, and stopping the life cycle to prevent future invaders. The Company also provides lawn care services to protect from invading insects, fungus, weeds and other pathogens. Revenues from pest control and lawn care services are recognized as services are rendered. The Company's revenue recognition policies are designed to recognize revenues upon satisfaction of the performance obligation at the time services are performed. Residential and commercial pest control services and lawn care services are primarily recurring in nature on a monthly, bi-monthly or quarterly basis, while certain types of commercial customers may receive multiple treatments within a given month. In general, customers may sign an initial one-year contract, and revenues are recognized at the time services are performed. The Company defers recognition of advance payments and recognizes the revenues as the services are rendered. The Company offers a discount on certain recurring services if customers elect to pay annually in advance. The advance collections on service contracts are initially deferred, then recognized as revenues as services are rendered over the twelve-month term of the service contract. Sales commissions relating thereto are expensed after the initial service, and other related service costs and expenses are recognized as the services are rendered. Sales commissions are not normally paid on renewals of such service contracts.

Termite control services:

Revenue from initial termite treatment services is recognized as services are provided. The Company also provides recurring maintenance, monitoring or inspection services to help protect consumer's property for any future sign of termite activities after the original treatment. This recurring service is a service-type warranty under ASC 606 as it is routinely sold and purchased separately from the initial treatment services and is typically purchased or renewed annually. A portion of the contract amount is deferred for the undelivered monitoring performance obligation. This portion is recognized as income on a straight-line basis over the remaining contract term, which results in recognition of revenues that depict the Company's performance in transferring control of the service. As the revenues are being deferred, the future cost of reinspections, reapplications and repairs and associated labor and chemicals applicable to the deferred revenue are expensed as incurred.

Cash and cash equivalents:

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

1. Description of business and summary of significant accounting policies (continued):

Cash and cash equivalents (continued):

The Company places its cash and cash equivalents with various credit institutions. At times, such investments may be in excess of the FDIC insurance limit; however, management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable:

The Company records accounts receivable for its unconditional rights to consideration arising from performance under contracts with customers. The Company grants credit to its customers, generally without collateral or interest. The carrying value of such receivables, net of allowance for doubtful accounts, represents their estimated net realizable value. At January 1, 2019, the balance of account receivable was $6,405,955.

Management considers all accounts over 30 days to be past due and provides an allowance for doubtful accounts based upon prior experience and management's assessment of the collectibility of specific accounts. Doubtful accounts are periodically reviewed for collectibility and charged against operations when management determines that all collection efforts have been exhausted.

Contract assets:

The Company offers a discount on certain recurring services if customers elect to pay annually in advance. Contract assets represent discounts on service contracts that are initially capitalized, then recognized as a reduction of revenues as services are rendered over the twelve-month term of the service contract.

Advance collections on service contracts and deferred revenue:

Contract liabilities consist of annual services for which the Company has been paid in advance for services not yet performed and earn revenues when the transfer of control of the service occurs as well as deferred revenue on annual warranty renewal contracts.

Materials inventory and operating supplies:

Inventory and supplies, comprised of materials, chemicals and other operating supplies, are stated at the lower of cost (weighted average and first-in, first-out methods) or net realizable value.

Property, equipment, depreciation and amortization:

Property and equipment are stated at cost. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the assets.

Intangible assets:

The cost of the customer contracts purchased as part of various company acquisitions is being amortized on a straight-line basis over the estimated useful life of four years. At December 31, 2021, 2020 and 2019, total cost of customer contracts was $2,899,766, $1,633,597 and $24,978 and is included in other assets. Total amortization expense for 2021, 2020 and 2019 was $431,888, $6,244 and $9,753.

1. Description of business and summary of significant accounting policies (continued):

Impairment of long-lived assets:

The Company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of the long-lived assets is less than the carrying amount, the asset is considered impaired. Impairment losses would be measured as the amount by which the carrying amount exceeds the fair value of the asset. There was no impairment of long-lived assets recognized for 2021.

Self-insurance accruals:

The Company was self insured for health insurance, general liability, workers' compensation and automobile liability insurance claims filed and claims incurred, but not yet reported. The Company's liability is estimated and based upon individual case-based valuation, statistical analysis and historical experience; however, the final costs of many claims may not be known for several years. The self-insurance accrual is based on estimates and, while management believes that the amount is adequate, the ultimate liability may differ from the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the consolidated financial statements in the period determined. Because of inherent uncertainties in estimating claims, it is at least reasonably possible that the estimate used will change within the near term. Self-insurance costs for 2021, 2020 and 2019 were $11,009,705, $10,991,051 and $7,713,841.

Advertising:

The Company expenses the costs of advertising the first time the advertising takes place. Billboards are capitalized and depreciated over the expected useful lives of the assets. The depreciation is included in depreciation expense. Brochures and other printed promotional items are included in supplies inventory until utilized, then they are expensed to advertising costs. All other costs of advertising are charged to operations when incurred. Total advertising expense, including allocated salaries and wages, for 2021, 2020 and 2019 was $8,526,185, $7,325,921 and $7,309,963.

Presentation of sales taxes:

The states, counties and municipalities in which the Company operates impose sales tax on some of the Company's sales. The Company collects the sales tax from its customers and remits the entire amount to the appropriate taxing authority. The Company's accounting policy is to exclude the tax collected and remitted from revenues and cost of revenues.

1. Description of business and summary of significant accounting policies (continued):

Derivative financial instruments:

The Company has only limited involvement with derivative financial instruments and does not use them for trading purposes. The Company utilizes interest rate swap agreements to manage interest rate risk associated with certain of their variable rate debt. The interest rate swap agreements met the criteria for cash flow hedge accounting. Amounts receivable or payable due to settlement of the interest rate swap agreements are recorded as an adjustment to interest expense on a monthly basis. Mark-to-market adjustments are recorded to reflect the fair value of the interest rate swap agreements. The effective portion of the gain or loss related to this adjustment is included as a component of other comprehensive income (loss) and reclassified into earnings in the period that the related hedged transaction affects earnings. The ineffective portion of the gain or loss is recognized in earnings in the current period.

Income taxes:

Truly Nolen has elected under the Internal Revenue Code to be treated as an S corporation. Under those provisions, the Company does not pay federal and state corporate income taxes on its taxable income. The Company generally does not pay state income taxes, however some states in which the Company has nexus do assess income and franchise taxes on S corporations. The shareholders are liable for individual federal and state income taxes on the Company's taxable income. Accordingly, the provision for income taxes provided in the accompanying consolidated financial statements relates to those jurisdictions that tax S corporation income.

Spyder Luke, LLC, SSR Research, LLC and TN Springs, LLC are disregarded entities for income tax purposes and all income and expenses are included with Truly Nolen on the Company's income tax returns.

From time to time, the Company may be subject to penalties assessed by various taxing authorities, which will be classified as operating expenses, if they occur.

Subsequent events:

The Company's management has evaluated the events that have occurred subsequent to December 31, 2021 through April 27, 2022, the date that the consolidated financial statements were available to be issued. Management has no responsibility to update these consolidated financial statements for events and circumstances occurring after this date.

2. Disaggregation of revenue:

The following table disaggregates the Company's revenue based on the timing of the performance obligations for the years ended December 31, 2021, 2020 and 2019:

2. Disaggregation of revenue (continued):

	2021	2020	2019
Performance obligations satisfied over time	$ 12,182,360	$ 12,252,455	$ 12,422,132
Performance obligations satisfied at a point in time	111,191,322	108,732,967	106,484,630
Total revenue	$123,373,682	$120,985,422	$118,906,762

3. Trade receivables:

	2021	2020	2019
Trade receivables under 120 days	$ 4,925,404	$ 5,029,515	$ 5,431,077
Trade receivables over 120 days	84,867	76,611	191,489
	5,010,271	5,106,126	5,622,566
Less allowance for doubtful accounts	271,871	267,630	395,595
	$ 4,738,400	$ 4,838,496	$ 5,226,971

4. Property and equipment:

	2021	2020	2019
Building and improvements	$ 35,745,914	$ 33,857,629	$ 34,108,573
Transportation equipment	269,602	249,496	281,346
Production equipment	5,074,998	4,743,812	4,808,237
Data processing equipment	4,351,342	4,403,479	4,397,900
Office equipment and other	5,653,892	5,486,707	5,721,539
Land	6,993,519	6,993,519	7,137,605
Construction in progress	115,608	1,121,857	23,479
	58,204,875	56,856,499	56,478,679
Less accumulated depreciation and amortization	30,448,468	29,715,354	28,304,275
	$ 27,756,407	$ 27,141,145	$ 28,174,404

5. Letters of credit:

The Company has standby letters of credit from Wells Fargo that support the self-insurance programs for an aggregate of approximately $3,970,000. At December 31, 2021, there had been no drafts on the letters of credit. These letters of credit are collateralized by the Company's assets and automatically renew each year either in October or January. The letters of credit are subject to financial and nonfinancial performance covenants.

6. Note payable, bank:

The Company has a revolving line of credit with Wells Fargo Bank in the amount of $6,000,000. The line calls for monthly interest payments at monthly LIBOR rate (0.10%, 0.14% and 1.76% at December 31, 2021, 2020 and 2019) plus 1.6%. The line expires in July 2023 and is collateralized by substantially all of the Company's assets. The line is subject to financial and nonfinancial performance covenants. At December 31, 2021, 2020 and 2019, the Company had no outstanding balance on the line of credit.

7. Long-term debt:

	2021	2020	2019
Note payable to Sox Development secured by deed of trust on real property, $943 payable monthly including interest (6.00%) with a maturity date of May 2022.	$ -	$ 15,352	$ 25,418
Note payable to PNC Bank (formerly BBVA Compass) secured by deed of trust on real property, payable in varying monthly installments based on swap rate adjustment, monthly interest at LIBOR plus 2.05% with a floor of 2.85% and a maturity of December 2022.	481,458	944,400	1,389,665
Note payable to MidFirst Bank secured by deed of trust on real property, $11,927 payable monthly including interest (4.31%) with a maturity date of January 2031.	1,070,652	1,164,752	1,254,685
Note payable to Wells Fargo Bank secured by deed of trust on real property, payable in varying monthly installments based on swap rate adjustment, monthly interest at LIBOR plus 1.75%, with a maturity date of August 2031.	3,222,222	3,555,555	3,888,889

7. Long-term debt (continued):

	2021	2020	2019
Note payable to PNC Bank (formerly BBVA Compass) secured by deed of trust on real property, payable in varying monthly installments based on swap rate adjustment, monthly interest at LIBOR plus 1.4%, with a floor of 2.27%, with a maturity of October 2024.	$ 919,551	$ 1,154,520	$ 1,380,483
Note payable to PNC Bank (formerly BBVA Compass) secured by deed of trust on real property, payable in varying monthly installments based on swap rate adjustment, monthly interest at LIBOR plus 1.25%, with a maturity of October 2025.	492,857	621,428	750,000
	6,186,740	7,456,007	8,689,140
Less current portion	1,285,466	1,264,603	1,243,850
	$ 4,901,274	$ 6,191,404	$ 7,445,290

Future maturities of long-term debt are as follows:

Year ending December 31,	
2022	$ 1,285,466
2023	817,548
2024	991,837
2025	552,510
2026	450,363
Thereafter	2,089,016
	$ 6,186,740

The Company is required to be in compliance with certain financial and nonfinancial covenants. At December 31, 2021, the Company was in compliance.

8. Accrued expenses:

	2021	2020	2019
Income taxes payable	$ 25,153	$ 1,763	$ 13,431
Miscellaneous	1,689,624	1,980,277	911,873
Payroll and benefits	4,156,615	4,360,030	4,319,712
Self insurance - automobile, general liability, and workers' compensation	3,035,442	2,405,961	2,605,347
Self insurance - health	593,103	456,415	594,573
	$ 9,499,937	$ 9,204,446	$ 8,444,936

9. Interest rate swap agreements:

In 2017 and 2015, the Company entered into two interest rate swap agreements with PNC Bank (formerly BBVA Compass Bank) that effectively converts the interest rate on two of the variable rate notes payable discussed in Note 7, to 3.67% and 3.88% fixed. In 2016 and 2018, the Company entered into two interest rate swap agreements with Wells Fargo Bank that effectively converts the interest rate on two of the variable rate notes payable discussed in Note 7, to 3.34% and 4.5% fixed.

The purpose of these agreements are to hedge the effects of fluctuations in the interest rate charged on the notes. Under these swap agreements, the Company pays interest at the rate required under the terms of the hedged note and receives or pays the difference between the fixed rate under the swap and the stated rate.

The swaps were issued at market terms so that it had no value at inception. The notional amount under the agreement decreases as principal payments on the hedged note are made. As required by GAAP, the carrying amount of the swap has been adjusted to fair value at December 31, 2021, 2020 and 2019.

The Company's derivative instrument designated as cash flow hedges at December 31, 2021 is as follows:

Hedged risk	Notional amount	Variable interest rate	Fixed interest rate	Losses included in other comprehensive income	Fair value
Interest rate	$ 481,458	LIBOR + 2.05%	3.88 %	$ (13,541)	$ 3,547
Interest rate	3,222,222	LIBOR + 1.75%	3.34 %	(143,526)	57,620
Interest rate	919,551	LIBOR + 1.40%	3.67 %	(25,855)	16,215
Interest rate	492,857	LIBOR + 1.25%	4.50 %	(23,941)	23,211
	$ 5,116,088			$ (206,863)	$ 100,593

9. Interest rate swap agreement (continued):

The Company's derivative instruments designated as cash flow hedges at December 30, 2020 are as follows:

Hedged risk	Notional amount	Variable interest rate	Fixed interest rate	Gains included in other comprehensive income	Fair value
Interest rate	$ 944,400	LIBOR + 2.05%	3.88 %	$ 11,474	$ 17,088
Interest rate	3,555,555	LIBOR + 1.75%	3.34 %	221,353	201,146
Interest rate	1,154,520	LIBOR + 1.40%	3.67 %	20,745	42,070
Interest rate	621,428	LIBOR + 1.25%	4.50 %	10,433	47,152
	$ 6,275,903			$ 264,005	$ 307,456

The Company's derivative instruments designated as cash flow hedges at December 31, 2019 are as follows:

Hedged risk	Notional amount	Variable interest rate	Fixed interest rate	Gains included in other comprehensive income	Fair value
Interest rate	$ 1,389,665	LIBOR + 2.05%	3.88 %	$ 28,475	$ 5,614
Interest rate	3,888,889	LIBOR + 1.75%	3.34 %	212,884	(20,207)
Interest rate	1,380,483	LIBOR + 1.75%	3.67 %	28,161	21,325
Interest rate	750,000	LIBOR + 1.40%	4.50 %	13,185	36,719
	$ 7,409,037			$ 282,705	$ 43,451

Since inception, the swap resulted in no ineffectiveness and, as such, no amounts have been reclassified into earnings. The Company does not expect any reclassifications to occur in the near future.

10. Fair value measurements:

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

10. Fair value measurements (continued):

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets or active markets that the Company does not have access to;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of liabilities (assets) measured on a recurring basis is as follows:

	Fair Value	Quoted prices (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Net derivative contract - December 31, 2021	$ 100,593	$ -	$ 100,593	$ -
Net derivative contract - December 30, 2020	$ 307,456	$ -	$ 307,456	$ -
Net derivative contract - December 31, 2019	$ 43,451	$ -	$ 43,451	$ -

The fair value of the Company's interest rate swap is primarily based on market prices and market data available for instruments with similar characteristics since an active market does not exist for this instrument.

11. Profit sharing plan:

The Company maintains a profit sharing and savings plan covering all eligible employees. The profit sharing plan includes a 401(k) provision. Participants can elect to make limited salary deferral contributions and the Company has the option to make additional matching or profit sharing contributions to the plan at the discretion of the board of directors. The Company's contributions for 2021, 2020 and 2019 were $1,116,328, $1,162,138 and $1,061,507.

12. Related party transactions:

Management fee:

The Company performs certain administrative support functions for another related company. The Company is reimbursed for actual expenses incurred, as well as a management fee each month. Amounts received from the related party totaled $79,760, $98,480 and $90,888 in 2021, 2020 and 2019.

13. Commitments:

The Company has entered into various leases for office space and vehicles under operating lease agreements expiring at various dates through 2027.

The leases for office space require monthly payments of $240,193 plus applicable taxes. Total rent expense paid under these agreements was $2,072,908, $2,008,152 and $1,974,139 for 2021, 2020 and 2019.

The leases for vehicles require monthly payments of $188,051 including sales taxes. Total rent expense paid under these agreements was $2,590,004, $3,135,212 and $3,471,626 for 2021, 2020 and 2019.

Future minimum lease payments under the agreements are as follows:

Year ending December 31,	Office space	Vehicles	Total
2022	$ 1,639,493	$ 2,256,611	$ 3,896,104
2023	1,332,834	1,689,750	3,022,584
2024	893,022	1,205,157	2,098,179
2025	338,135	818,417	1,156,552
2026	218,306	329,006	547,312
Thereafter	62,787	-	62,787
	$ 4,484,577	$ 6,298,941	$ 10,783,518

14. Contingencies:

Legal proceedings:

In the normal course of its business, the Company is subject to litigation matters. It is not possible to predict with certainty whether or not the Company will ultimately be successful in any of these legal matters, or, if not, what the impact might be. However, the Company's management does not expect any legal proceedings will have a material adverse effect on the Company's consolidated financial statements.

Insurance:

The Company is partially self insured for automobile, general liability and workers' compensation claims and purchases catastrophic coverage for claims above various thresholds. Claims are processed by a third party administrator. A reserve for unreported claims is recorded based on analysis by an outside specialist engaged by management.

The Company is also partially self insured for medical claims and purchases coverage for claims in excess of $200,000 per covered member. Claims are processed by a third party administrator. A reserve for unreported claims is recorded based on analysis of individual case-based valuation, statistical analysis and historical experience.

The Company is responsible for automobile and general liability losses up to $1,000,000 per incident. A $15,000,000 umbrella policy is maintained by an outside insurance company to cover individual claims in excess of $1,000,000. Total claims in excess of the umbrella policy are the responsibility of the Company.

The Company is responsible for workers' compensation claims on a per claim basis as follows. Individual claims in excess of the amounts shown in the table below are covered by an outside insurance company.

	2021	2020	2019
Arizona	$ 450,000	$ 350,000	$ 350,000
Florida	450,000	350,000	350,000
Other states	250,000	250,000	250,000

The Company maintains deposits with the third party administrator for payment of automobile, general liability and workers' compensation claims. The Company also maintains three letters of credit, as discussed in Note 5, related to the insurance programs.

15. Statement of cash flows:

Supplemental disclosure of cash flow information:
Cash paid for interest and income taxes during 2021, 2020 and 2019 was:

	2021	2020	2019
Interest	$ 249,968	$ 306,763	$ 350,270
Income taxes	69,160	35,092	47,125

16. Franchises:

The Company has entered into various franchise agreements with third parties. The license agreements provide for an initial fee upon signing plus royalties, which are an agreed-upon percentage of sales. Under the terms of the agreements, the Company agrees to provide the Company logo, sales aids and certain services to the franchisee including employee training and design of quality control programs. Franchise revenue was $544,656, $468,704 and $572,895 for December 31, 2021, 2020 and 2019.

17. Pending pronouncement:

In February 2016, the FASB issued ASU 2016-02 "Leases." ASU 2016-02 requires a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term, along with additional qualitative and quantitative disclosures. ASU 2016-02 is effective for reporting periods beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating the effect that this standard will have on the consolidated financial statements.

TRULY NOLEN OF AMERICA, INC.

CONSOLIDATED OPERATING EXPENSES

YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	2021		2020		2019	
	Amount	Percent of revenues	Amount	Percent of revenues	Amount	Percent of revenues
Advertising	$ 8,526,185	6.9 %	$ 7,325,921	6.1 %	$ 7,309,963	6.1 %
Amortization	431,888	0.4	6,244	-	9,753	-
Auto claims	186,369	0.2	79,602	-	357,359	0.3
Auto expenses	2,590,004	2.1	3,135,212	2.6	3,471,626	2.9
Bad debt expense	531,680	0.4	354,397	0.3	601,903	0.5
Bank charges	1,552,351	1.3	1,487,905	1.2	1,575,845	1.3
Chemical	4,008,611	3.2	4,171,708	3.4	4,064,013	3.4
Communications	2,216,832	1.8	2,334,677	1.9	2,298,620	1.9
Customer damage	352,138	0.3	160,270	0.1	164,375	0.1
Data processing	1,819,877	1.5	1,638,846	1.4	1,451,875	1.2
Depreciation	1,866,296	1.5	2,168,714	1.8	2,580,087	2.2
Dues and subscriptions	201,237	0.2	151,752	0.1	158,816	0.1
Employee benefit plan	1,116,328	0.9	1,162,138	1.0	1,061,507	0.9
Gasoline and oil	2,967,202	2.4	2,260,706	1.9	2,726,374	2.3
General insurance	4,979,775	4.0	4,998,491	4.1	2,266,955	1.9
Group insurance	4,317,187	3.5	4,787,321	4.0	3,613,403	3.0
Licenses and taxes	1,215,693	1.0	1,178,418	1.0	1,150,335	1.0
Moving and relocation	23,955	-	2,606	-	27,235	-
Operating supplies	2,576,266	2.0	2,429,456	2.0	2,173,615	1.8
Office supplies	688,204	0.6	817,862	0.7	1,183,197	1.0
Payroll taxes	3,930,580	3.2	3,880,382	3.2	3,954,864	3.3
Postage	528,794	0.4	776,328	0.6	659,202	0.6
Professional services	236,557	0.2	126,995	0.1	272,586	0.2
Recruiting/HR	67,832	-	61,992	-	69,582	0.1
Rent and occupancy	2,072,908	1.7	2,008,152	1.7	1,974,139	1.7
Repairs and maintenance	3,466,938	2.8	3,225,414	2.7	3,194,187	2.7
Research and development	(32,207)	-	(12,260)	-	(6,647)	-
Salaries and wages	50,996,981	41.3	50,768,360	42.0	51,509,440	43.3
Sales development	512,152	0.4	550,476	0.5	671,741	0.6
Subcontracts	7,266,455	5.9	6,713,527	5.5	7,680,377	6.5
Training expenses	120,004	0.1	223,147	0.2	228,186	0.2
Travel	527,831	0.4	548,006	0.5	972,882	0.8
Uniforms	90,733	0.1	89,081	0.1	94,368	0.1
Utilities	805,204	0.7	783,511	0.6	808,204	0.7
Workers' compensation insurance	1,487,752	1.2	1,491,098	1.2	1,730,791	1.5
	$ 114,246,592	92.6 %	$ 111,886,455	92.5 %	$ 112,060,758	94.2 %

Truly Nolen of America, Inc.

Consolidated Balance Sheets

	Period Ending 5/31/2022	Period Ending 5/31/2021	$ Variance	% Variance
Assets				
CURRENT ASSETS				
Cash & Cash Equivalents	7,360,333	9,903,198	(2,542,866)	-25.7%
Investments	1,017,613	1,017,470	143	0.0%
Trade Receivables, Net	6,173,022	4,948,932	1,224,090	24.7%
Receivables - Other	1,652,671	176,087	1,476,583	838.6%
Inventory & Supplies	1,756,793	1,466,282	290,511	19.8%
Total Prepaid	2,657,881	1,444,295	1,213,586	84.0%
TOTAL CURRENT ASSETS	**20,618,312**	**18,956,264**	**1,662,048**	**8.8%**
OTHER ASSETS				
Deposits	58,301	57,652	649	1.1%
Non-Current Receivables	2,733	1,625	1,108	68.2%
Other Assets	2,689,175	1,909,663	779,512	40.8%
NET OTHER ASSETS	**2,750,209**	**1,968,941**	**781,268**	**39.7%**
PLANT, PROPERTY & EQUIPMENT				
Total Land	6,279,777	6,993,519	(713,742)	-10.2%
Buildings/Improvements/Assets in Progress	35,513,430	36,218,727	(705,297)	-1.9%
Equipment/Vehicles/Assets	15,314,770	15,151,349	163,420	1.1%
Accumulated Depreciation	(30,856,473)	(30,454,340)	(402,133)	1.3%
NET PLANT, PROPERTY & EQUIPMENT	**26,251,503**	**27,909,255**	**(1,657,752)**	**-5.9%**
TOTAL ASSETS	**49,620,023**	**48,834,461**	**785,563**	**1.6%**
Liabilities and Stockholder's Equity				
CURRENT LIABILITIES				
Current Maturity of Long-Term Debt	(1,092,664)	(1,275,253)	182,588	-14.3%
Accounts Payable	(4,082,457)	(2,507,411)	(1,575,046)	62.8%
Accrued Expenses & Other Liabilities	(8,471,079)	(9,024,926)	553,847	-6.1%
Self Insurance (Auto/GL/WC) Reserves	(3,091,534)	(1,546,044)	(1,545,489)	100.0%
Advanced Collections/Deferred Revenue	(15,391,278)	(16,186,111)	794,833	-4.9%
TOTAL CURRENT LIABILITIES	**(32,129,011)**	**(30,539,746)**	**(1,589,266)**	**5.2%**
Long Term Debt	(4,589,932)	(5,657,229)	1,067,297	-18.9%
TOTAL LIABILITIES	**(36,718,943)**	**(36,196,976)**	**(521,967)**	**1.4%**
STOCKHOLDER'S EQUITY				
Common Stock	(1,339,263)	(1,339,263)	0	0.0%
Retained Earnings	(11,561,818)	(11,298,223)	(263,595)	2.3%
TOTAL STOCKHOLDER'S EQUITY	**(12,901,081)**	**(12,637,485)**	**(263,595)**	**2.1%**
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	**(49,620,023)**	**(48,834,461)**	**(785,563)**	**1.6%**
	-	-		

- sometimes $1 added to CM of LTD to balance for rounding)

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Truly Nolen of America, Inc.

Consolidated Statement of Income

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	5/2022	4/2022	3/2022	2/2022	1/2022	12/2021	11/2021	10/2021	9/2021	8/2021	7/2021	6/2021	5/2021	Year to date 2022		Year to date 2021	
Revenue																	
Total Revenue	**10,594,485**	**10,622,837**	**10,528,844**	**9,844,487**	**10,030,419**	**10,169,781**	**10,366,658**	**10,522,775**	**10,263,174**	**10,565,813**	**10,404,839**	**10,660,005**	**10,339,494**	**51,621,072**	2.4%	**50,420,661**	512.0%
	102.47%																
Operating Expenses																	
Direct Expense	2,541,927	2,614,651	2,560,833	2,328,280	2,416,868	2,455,902	2,473,323	2,338,735	2,428,176	2,463,773	2,409,535	2,500,959	2,382,465	12,462,560	24.1%	11,663,859	23.1%
Direct Overhead	2,769,203	2,644,174	2,788,971	2,482,939	2,423,147	610,007	2,334,538	2,406,095	2,483,671	2,416,384	2,473,894	2,553,317	2,450,703	13,108,435	25.4%	12,369,380	24.5%
General Overhead	5,007,302	4,996,011	4,081,888	4,269,625	4,243,710	6,863,036	4,379,838	5,033,783	4,791,304	5,266,539	4,985,389	4,628,690	4,221,264	22,598,537	43.8%	20,364,808	40.4%
Total Operating Expenses	**10,318,433**	**10,254,836**	**9,431,692**	**9,080,845**	**9,083,726**	**9,928,946**	**9,187,699**	**9,778,612**	**9,703,151**	**10,146,696**	**9,868,818**	**9,682,966**	**9,054,432**	**48,169,532**	93.3%	**44,398,046**	88.1%
Other Income (Expense), Net																	
Interest Income	836	843	848	839	893	2,331	1,141	1,099	1,009	876	992	1,314	1,661	4,260	0.0%	9,046	0.0%
Gain/Loss on Sale of Assets	-	(1,137)	62,520	1,935,060	-	(72,839)	(562)	-	7,596	1,639	4,400	1,100	(16,141)	1,996,444	3.9%	14,868	0.0%
Consulting, rent and other, net	9,674	287,367	(821,850)	35,906	11,125	838,936	14,610	19,823	14,845	16,811	17,210	15,303	14,094	(477,777)	-0.9%	66,971	0.1%
Total Other Income	**10,510**	**287,074**	**(758,481)**	**1,971,806**	**12,018**	**768,428**	**15,189**	**20,922**	**23,450**	**19,326**	**22,602**	**17,717**	**(386)**	**1,522,927**	3.0%	**90,886**	0.2%
Earnings Before Interest, Taxes, Depreciation and Amortization																	
EBITDA	**286,562**	**655,075**	**338,671**	**2,735,448**	**958,711**	**1,009,263**	**1,194,148**	**765,085**	**583,472**	**438,443**	**558,622**	**994,756**	**1,284,675**	**4,974,467**	9.6%	**6,113,500**	12.1%
Interest	8,590	17,575	18,295	18,624	17,175	19,375	27,659	14,864	17,815	21,372	18,271	19,895	23,116	80,259	0.2%	110,716	0.2%
Depreciation/Amortization	200,000	203,192	204,930	207,620	218,376	234,672	177,602	178,401	189,500	180,013	183,163	182,978	184,941	1,034,118	2.0%	985,996	2.0%
Income Taxes	3,781	3,361	3,702	2,750	2,521	13,573	7,753	7,753	7,524	7,572	7,544	6,932	487	16,115	0.0%	2,701	0.0%
Net Earnings	**74,191**	**430,947**	**111,744**	**2,506,453**	**720,640**	**741,643**	**981,133**	**564,067**	**368,633**	**229,486**	**349,644**	**784,951**	**1,076,132**	**3,843,976**	7.45%	**5,014,087**	9.9%

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Truly Nolen of America, Inc.

Consolidated Statement of Cash Flows

	71	70	69	68	67	66	64	63	62	61	60	59	58	57
	2022	2022	2022	2022	2022	2021	2021	2021	2021	2021	2021	2021	2021	2021
	5	4	3	2	1	12	11	10	9	8	7	6	5	4
						12/2021								
	5/2022	**4/2022**	**3/2022**	**2/2022**	**1/2022**	**13/2021**	**11/2021**	**10/2021**	**9/2021**	**8/2021**	**7/2021**	**6/2021**	**5/2021**	**4/2021**
Cash Flows From Operating Activities														
	5/2022	**4/2022**	**3/2022**	**2/2022**	**1/2022**	**13/2021**	**11/2021**	**10/2021**	**9/2021**	**8/2021**	**7/2021**	**6/2021**	**5/2021**	**Year to Date 2022**
Net Earnings	$ 74,191	$ 430,947	$ 111,744	$ 2,506,453	$ 720,640	$ 741,643	$ 981,133	$ 564,067	$ 368,633	$ 229,486	$ 349,644	$ 784,951	$ 1,076,132	$ 3,843,976
Depreciation and Amortization	200,000	203,192	204,930	207,620	218,376	234,672	177,602	178,401	189,500	180,013	183,163	182,978	184,941	1,034,118
Gain on Disposal of Property and Equipment	-	1,137	(62,520)	(1,935,060)	-	72,839	562	-	(7,596)	(1,639)	(4,400)	(1,100)	16,141	(1,996,444)
Bad Debt Provision	79,814	5,735	4,432	(34,996)	6,589	(10,368)	(3,299)	15,215	4,086	35,054	8,150	(4,776)	(8,614)	61,574
Changes in operating assets and liabilites														-
Trade Accounts Receivable	(1,128,960)	(362,290)	185,600	(38,913)	(151,609)	806,932	113,839	(164,871)	(3,931)	(305,134)	(169,463)	(110,927)	(163,785)	(1,496,173)
Other Receivables	(1,289,449)	(179,730)	(19,232)	(3,811)	377	(25,396)	5,403	18,550	60,595	(17,216)	(39,510)	11,728	74,245	(1,491,845)
Materials Inventory	40,828	24,521	(92,478)	(61,420)	(15,801)	34,695	(32,867)	2,010	(21,141)	40,313	(30,815)	433	28,777	(104,350)
Operating Supplies	(79,421)	(23,677)	(79,069)	(50,249)	(56,042)	119,192	(1,422)	22,030	12,242	179	(22,732)	(19,819)	4,252	(288,458)
Prepaid Expenses	173,826	254,605	103,380	(30,262)	(1,795,915)	(408,067)	10,559	(101,676)	63,323	216,463	209,113	91,064	370,139	(1,294,365)
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable	(135,472)	903,983	(611,296)	1,522,746	(1,531,618)	823,285	1,811,989	(1,518,520)	617,042	683,244	(1,426,166)	435,830	676,276	148,342
Accrued Expenses	206,575	(177,304)	868,120	(355,618)	884,209	(1,858,147)	320,070	(384,123)	501,073	1,147,244	1,087,280	(1,247,737)	869,981	1,425,982
Advance Collections on Service Contracts	(39,825)	182,705	248,396	(60,957)	(10,790)	(378,525)	(505,274)	(207,382)	(72,132)	(78,328)	(176,556)	303,832	47,396	319,531
Total Adjustments	(2,251,899)	622,814	603,420	921,515	(2,677,187)	(886,030)	1,722,297	(2,333,981)	1,157,071	1,686,764	(568,849)	(535,596)	1,907,280	(2,781,336)
Net Cash From Operating Activities	**(1,897,894)**	**1,263,825**	**862,006**	**1,665,533**	**(1,731,582)**	**152,757**	**2,878,295**	**(1,576,298)**	**1,711,696**	**2,129,678**	**(32,293)**	**426,457.15**	**3,175,880**	**161,888**
Cash Flows From Investing Activities														
Purchase of property and equipment	(36,522)	(292,526)	(21,504)	(166,482)	(56,664)	(28,500)	(1,536,486)	(126,069)	99,481	(163,078)	(42,044)	(274,036)	(392,539)	(573,698)
Proceeds from disposal of property and equipment	-	-	-	3,100,000	-	-	-	-	-	-	-	-	-	-
Collections on loans and other advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and other advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	47	(159)	47	-	46	(15)	(8)	(18)	(8)	(8)	(66)	-	-	(19)
Acquisition of Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	(1,050)	-	-	-	-	(30)	375	(62)	118	-	(1,050)
Net Cash From Investing Activities	**(36,476)**	**(292,685)**	**(21,456)**	**2,932,468**	**(56,618)**	**(28,515)**	**(1,536,494)**	**(126,087)**	**99,443**	**(162,711)**	**(42,171)**	**(273,918)**	**(392,539)**	**(574,767)**
Cash Flows From Financing Activities														
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net repayments on long-term debt	(79,028)	(106,560)	(106,916)	(116,536)	(95,106)	(105,763)	(105,239)	(105,110)	(124,275)	(105,471)	(94,977)	(104,903)	(105,172)	(504,146)
Distributions paid	-	(2,400,000)	-	-	(1,800,000)	-	-	-	(1,600,000)	-	-	(1,800,000)	-	(4,200,000)
Net Cash From Investing Activities	**(79,028)**	**(2,506,560)**	**(106,916)**	**(116,536)**	**(1,895,106)**	**(105,763)**	**(105,239)**	**(105,110)**	**(1,724,275)**	**(105,471)**	**(94,977)**	**(1,904,903)**	**(105,172)**	**(4,704,146)**
Net Increase/Decrease In Cash	**(2,013,397)**	**(1,535,420)**	**733,633**	**4,481,465**	**(3,683,306)**	**18,479**	**1,236,562**	**(1,807,496)**	**86,863**	**1,861,496**	**(169,441)**	**(1,752,364)**	**2,678,168**	**(5,117,025)**
Cash At Beginning Of Period	9,373,730	10,909,150	10,175,516	5,694,052	9,377,358	9,358,879	8,122,257	9,929,753	9,842,890	7,981,395	8,150,834	9,903,198	7,225,144	
Cash At End Of Period	$ 7,360,333	$ 9,373,730	$ 10,909,150	$ 10,175,516	$ 5,694,052	$ 9,377,358	$ 9,358,819	$ 8,122,257	$ 9,929,753	$ 9,842,890	$ 7,981,393	$ 8,150,834	$ 9,903,198	

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EXHIBIT H
FRANCHISEES
(as of December 31, 2021)

Florida

James Hegler
1172 Capital Circle SE
Tallahassee, FL 32301
(850) 765-4496

John Sanders & Kevin Dissmore
5825 Lone Pine Road
Jacksonville, FL 32216
(904) 737-5050

Georgia

David Phelps & Ryan Shane
PO Box 2349
Acworth, GA 30102
(678) 827-2847

Matthew & Chrissy Rippetoe and Howard Pullinger
21 Wabash Court
Savannah, GA 34106
(912) 777-4459

Sean Gavin
5745 Wendy Bagwell Parkway #11
Hiram, GA 30141
(404) 939-7277

Kentucky/Ohio

Dr Chris & Matthew Christensen
(owns one territory; has two offices within territory)
1st 688 Grot Drive
Lexington, KY 40505
(859) 277-0716
2nd 1507 St Clair Ave
Cincinnati, OH 45231
(859) 277-0716

Nebraska

Randall & Jeanette Watson
(owns one territory; has two offices within territory)
1st 444 West Street
Phillips, NE 68865
(402) 886-2022
2nd 1028 N Webb Rd, Ste 104
Grand Island, NE 68803
(402) 886-2022

New Jersey/Pennsylvania

John Sanders
(*New Jersey/Pennsylvania master franchise*)
1110 Pine Ridge Rd, Ste 304
Naples, FL 34108
(610) 804-7405

New Jersey

Brandon Rottman
PO Box 9298
Trenton, NJ 08650
(609) 353-1535

Jose Machota
426 Herbertsville Rd, 2nd Floor
Brick, NJ 08724
(732) 206-8970

Paul Wheeler
11 Passaic Ave
Nutley, NJ 07110
(201) 704-8715

Steven Mora
1301 Corlies Ave, Ste 6AC
Neptune, NJ 07753
(732) 483-6213

New York

Sergio & Nelly Gallardo
146 Cuba Hill Road
Huntington, NY 11743
(631) 757-1312

North Carolina

James Bess
(owns two territories; administered independently)
1st 8011 N Point Blvd, Ste 205
Winston-Salem, NC 27106

(336) 602-1982
2nd 138A Dublin Square Rd
Asheboro, NC 27203

Christopher Mehalic, Kevin Robison & Gary Newsome
701 East Blvd
Charlotte, NC 28203
(704) 910-2936

Ohio

Robert & Cynthia Toledo & Eric McWhorter
(owns one territory; has two offices within territory)
1st 4309 Professional Parkway
Groveport, OH 43125
(614) 448-5030
2nd 25 S Lexington Springmill Rd
Ontario, OH 44906
(419) 529-3051

Pennsylvania

Rick Balowski
135 E Main Street (front)
New Holland, PA 17557
(717) 435-5171

Puerto Rico

Edwin Andujar
PO Box 7155
Caguas, PR 00726
(787) 374-9668

John Ferrandino
PO Box 11944
San Juan, PR 00922
(787) 778-2950

South Carolina

Jeffrey Manheimer
(owns one territory; has two offices within territory)
1st 10345 Highway 78 East
Summerville, SC 29483
(843) 873-6249
2nd 1920 Dunbar St, Ste H
Charleston, SC 29407
(843) 974-4650

South Dakota

Ryan Anderson
801 E 41st Street
Sioux Falls, SD 57105
(605) 271-2269

Tennessee

Bryan & Pam Jewett-Winter
5727 Clinton Highway #12113
Knoxville, TN 37912
(423) 562-0146

Texas

Johnny Whearley
200 N 15th, Ste 18
Corsicana, TX 78110
(512) 541-9119

Nicholas Negen
879 S Highway 83/84 #1104
Abilene, TX 79602
(325) 455-3497

Canada (note)

Michael Kernaghan
(Canada master franchise)
165 Cross Ave, Ste 303
Oakville, ON L6I0A9
(905) 582-1234

Adam Wisniewski
169 Maki Avenue
Sudbury, ON P3E2P3
(705) 470-6103

Allison Kernaghan
(owns one territory, but also manages 3 other territories received back by master franchise)
4-790 Redwood Square
Oakville, ON L6L6N3
(905) 823-0441

Andrew Wheelock
(owns two territories; administered independently)
1st 2 Fielding Ave, Unit C
Dartmouth, NS B3B1B1
(902) 425-7378
2nd 128 Smith Ave

Truro, NS B2N1C7
(902) 897-9453

Andrew Wheelock & Mark Chapman
2 Fielding Ave, Unit C
Dartmouth, NS B3B1B1
(905) 425-7378

Dwayne Nyholt
853 56th St E
Saskatoon, SK S7K5Y9
(306) 242-2128

Joanne Reinwald
219 Doll Sideroad
Southampton, ON N0H2L0
(519) 832-9341

Jonathan Gaspar
15 Lesmill Rd, Ste 5
Toronto, ON N3B2T3
(416) 510-0112

Mark Coulthard
36571 Blyth Road, RR5
Goderich, ON N7A3Y2
(519) 524-5052

Ted Dinsmore
305 Broadway St West
PO Box 299
Merrickville, ON K0G1N0
(613) 295-0564

Tom Davies & Steve Tschanz
(owns three territories; administered independently. Two territories administered from 1 location.)
1st 110 Cushman Road
St Catharines, ON L2M6T1
(905) 646-7474
2nd 32 Baybrook Rd
Bampton, ON L7A1M1
(289) 842-7208

Michael Kernaghan
(owns 3 franchise territories; administered from 1 location)
4-790 Redwood S
Oakville, ON L6L6N3
(905) 823-0441

FRANCHISEES
(Signed after December 31, 2021)

Victor Hainline
(Opened April 1, 2022. The Charleston territory was split into 2 independently territories at the request of Franchise Owner)
1920 Dunbar St, Ste H
Charleston, SC 29407
(843) 974-4650

Robert & Cynthia Toledo
(Opened April 1, 2022)
3941 County Rd 201, Ste B
Oxford, FL 34484
(352) 432-0046

Joshua Allen
(Estimated opening date May 1, 2022)
2935 Whispering Pines Dr
Canfield, OH 44406
Telephone TBD

Note: Information regarding Canadian Franchisees is for informational purposes only.

EXHIBIT I
FORMER FRANCHISEES

Franchisees whose agreements were terminated, cancelled or not renewed, or who ceased doing business during the period from **January 1, 2021 through December 31, 2021**, or who have not communicated with TNAI since **March 31, 2022** are listed in the chart below.

Franchisee Name, City, State and Telephone Number	Office Location	Date of Termination	Notes
Jamie Pate St Augustine, FL (904) 315-7444	1139 Eagle Point Dr St Augustine, FL 32092	06/17/2021	Mutual termination.
M. Travis Green Amarillo, TX 79109 (806) 672-3776	4901 Hillside Rd, Unit G Amarillo, TX 79109	10/15/2021	Non-renewal.

FORMER TNAI BRANCH OFFICES
As of December 31, 2021

Address	City	State	Zip	Telephone	Id No.
7031-B State Road 52	Bayonet Point	FL	34667	(727) 819-8585	074

FORMER FRANCHISEES
CHANGES FROM JANUARY 1, 2022 through MARCH 31, 2022

Franchisee Name, City, State and Telephone Number	Office Location	Date of Termination	Notes
Ryan Anderson Sioux Falls, SD (605) 271-2269	801 E 41st St Sioux Falls, SD 57105	02/28/2022	Non-renewal.
Randall Watson Grand Island, NE (402) 886-2022	444 West St Phillips, NE 68865	02/28/2022	Non-renewal.

FORMER TNAI BRANCH OFFICES
CHANGES FROM JANUARY 1, 2022 through MARCH 31, 2022

Address	City	State	Zip	Telephone	Id No.
10175 W Colonial Dr	Ocoee	FL	34761	(352) 430-0046	088

No former franchisee has signed a confidentiality clause restricting their ability to speak openly about their experience with the Truly Nolen of America Inc.'s franchise system during the last three years. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise.

EXHIBIT J
TNAI BRANCH OFFICES
(as of December 31, 2021)

City		Address	Zip	Telephone	Id No.
Arizona					
Chandler	1	150 W Elliot Road, Ste 9	85225	480-814-8900	042
Flagstaff	1	3900 Historic Route 66, Unit 3	86004	928-522-9262	046S
Green Valley	1	19193 S Alpha Ave, Suite A	85614	520-625-1122	029
Lake Havasu	1	2143 W Acoma Blvd	86403	928-855-5191	048
Mesa	1	9107 E Southern Ave, Ste 107	85208	480-357-6200	049
Peoria	1	8957 W Windsor Dr, Ste 130	85381	623-412-7712	044
Phoenix	1	2711 W Indian School Rd	85017	602-220-0052	041
Phoenix	1	2711 W Indian School Rd	85017	602-264-6211	040
Phoenix	1	615 W Deer Valley Rd, Suite 125	85027	623-434-3302	141
Prescott Valley	1	6594 E Second St, Suite D	86314	928-775-4261	046
Saddlebrook	1	16647 N Oracle Rd, Ste A	85739	520-219-2494	024
Sierra Vista	1	200 A Myer Dr	85635	520-458-5095	025
Tempe	1	1005 N Stadem	85281	480-968-7417	026
Tempe	1	1005 N Stadem, Suite #202	85281	480-649-1724	045
Tucson	1	6185 N Travel Center Dr	85741	520-575-0744	021
Tucson	1	3636 E Speedway Blvd	85716	520-326-4201	020
Tucson	1	3636 E Speedway Blvd	85716	520-321-4200	022
Tucson	1	7475 E 22nd Street	85710	520-733-2500	023
Tucson	1	3636 E Speedway Blvd	85716	877-568-3868	139
Yuma	1	7997 E 30th St	85365	928-782-4749	047
California					
La Quinta	1	79740 Highway 111, Suite 101	92553	760-342-0018	066
Orange	1	1050 W Katella Ave, Unit A	92867	714-997-9946	065
Palm Desert	1	75070 St Charles Place	92211	760-346-3992	063
Perris	1	1622 Illinois Ave, Suite 11	92571	951-928-0100	064
San Diego	1	8125 Mercury Ct, Ste 140-C	92111	858-492-0900	060
San Diego	1	8125 Mercury Ct, Ste 140-C	92111	760-317-2894	712
San Marcos	1	913 Rancheros Dr	92069	760-291-1985	061
Temecula	1	28822 Old Town Front St, Ste 301	92590	951-695-5074	062
Florida					
Bonita Springs	1	25071 Bernwood Dr	34135	239-495-3668	089
Bonita Springs	1	25071 Bernwood Dr	34135	239-390-0221	611
Cape Coral	1	1326 SE 46th Lane	33904	239-549-5656	076
Coral Springs	1	11947 NW 37th Street	33065	954-227-1331	091
Cutler Bay	1	19705 S Dixie Highway	33157	305-232-8175	081
Davie	1	4101 SW 47th Ave, Ste 101	33314	954-587-9397	052
Doral	1	7863 NW 15th St	33126	305-994-3228	080
Englewood	1	6946 Sunnybrook Blvd	34224	941-475-2312	073

City		Address	Zip	Telephone	Id No.
Greenacres	1	2994-B Jog Rd	33467	561-641-8161	075
Ft. Myers	1	2715 Edison Ave	33916	239-332-0452	079
Ft. Myers	1	2715 Edison Ave	33916	239-334-1331	098
Key Largo	1	100105 Overseas Highway	33037	305-451-9900	072
Key West	1	1312 Truman Ave, Unit B	33040	305-451-9900	072S
Lakeland	1	2320 E Edgewood Dr	33803	863-683-7378	032
Largo	1	12501 62nd Street	33773	727-507-7750	099
Lehigh Acres	1	500 Lee Blvd	33936	239-369-1979	054
Miami	1	300 NE 75th Street, #103	33138	786-956-6561	084
Marco Island	1	931 N Collier Blvd	34145	239-389-1238	031
Melbourne	1	1595 N Harbor City Blvd	32935	321-242-8800	095
Naples	1	3839 Domestic Ave	34104	239-643-2555	097
Ocoee	1	10175 W Colonial Dr	34761	407-847-3335	087
Ocoee	1	10175 W Colonial Dr	34761	352-430-0046	088
Opa Locka	1	4474 NW 128th St	33054	305-685-7411	083
Orlando	2	2082 33rd St, Floor 1	32839	407-241-1400	096 & 711
Pompano Beach	1	876 NW 12th Ave	33069	954-946-2700	090
Pompano Beach	1	876 NW 12th Ave, 2nd Floor	33069	954-941-4806	082
Port Charlotte	1	770 Tamiami Trail	33953	941-625-1535	093
Port St. Lucie	1	450 SE Port St Lucie Blvd.	34984	772-343-7777	071
Sanford	1	620 Lake Minnie Dr	32773	407-241-1457	057
Sarasota	1	2525 Whitfield Industrial Way	34243	941-756-5311	092
Tampa	1	4842 N Florida Ave	33603	813-238-8189	094
Tampa	1	4842 N Florida Ave, 2nd Floor	33603	813-232-3237	059
Valrico	1	1626 E State Rd 60, Suite #102	33594	813-684-5735	077
Venice	1	2155 Tamiami Trail	34293	941-220-7419	612
West Park	1	5931 Hallendale Beach Blvd	33023	954-987-7278	086
		Nevada			
Las Vegas	1	6000 S Eastern Ave, Ste 2E	89119	702-798-0010	050
		New Mexico			
Albuquerque	1	7920 Lorraine Ct NE	87113	505-856-9565	055
Rio Rancho	1	2006 Southern Blvd SE, Ste 201	87124	505-892-5111	056
Santa Fe	1	6640 Cerrillos Rd, Unit F&G	87507	505-989-5047	058
		Texas			
El Paso	1	6621 Montana Ave	79925	915-594-4663	070
Fort Worth	1	2929 S Cravens Rd	76119	817-451-4300	035
Houston	1	15309 A Gulf Freeway	77034	281-922-1780	034
Galveston	1	4918-B Seawall Blvd	77550	409-621-5447	033
Keller	1	1103 Keller Parkway, Ste 105	76248	817-337-9839	037
Lewisville	1	699 E State Highway 121	75057	972-420-4394	036
San Antonio	1	12043 Starcrest Drive	78247	210-651-1720	038
		Utah			
Midvale	1	7741 Allen St	84047	801-566-1503	039

City		Address	Zip	Telephone	Id No.
Ogden	1	4224 Riverdale Rd	84405	801-627-2311	039S

TNAI BRANCH OFFICES
(Opened after December 31, 2021)

None

EXHIBIT K
TABLES OF CONTENTS OF MANUALS

You many review full copies of all manuals before the purchase of this franchise.

As we use these manuals in the operation of our own branch offices, they are updated and added to frequently.

EXHIBIT L
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Truly Nolen of America, Inc. (the "**Franchisor**") and you are preparing to enter into a franchise agreement (the "**Franchise Agreement**") for the establishment and operation of a "Truly Nolen" business (the "**Franchised Business**"). The purpose of this Acknowledgement Statement is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("**Broker**") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement(s) in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

   Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 202__.

3. Have you received and personally reviewed the Franchise Agreement(s), each addendum, and/or related agreement provided to you?

   Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement(s), each addendum, and/or related agreement provided to you?

   Yes _____ No _____

   If no, what parts of the Franchise Agreement(s), any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

   _____
   _____
   _____
   _____
   _____
   _____

5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

   Yes _____ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

   Yes _____ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

   Yes _____ No _____

   If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

   _____
   _____
   _____
   _____
   _____
   _____

8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

   Yes _____ No _____

   If No, do you wish to have more time to do so?

   Yes _____ No _____

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

   Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

    Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised

business that is in addition to, contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

    Yes _____ No _____

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

    Yes _____ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor 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 of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or Franchise Agreement(s)?

    Yes _____ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

    Yes _____ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

    Yes _____ No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

    _____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

_____

_____

I signed the Franchise Agreement(s) and Addendum (if any) on _____, 202___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write “None”.

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the “Executive Order”) prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the “Anti-Terrorism Measures”). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

   i. a person or entity listed in the Annex to the Executive Order;

   ii. a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

   iii. a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

   iv. owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement(s)

become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

These questions are asked to confirm our understanding of certain facts. Your answers are not a waiver of any law. Nor are our questions and your answers a disclaimer by us of any information that we have provided in our disclosure document.

Acknowledged this _____ day of _____, 202____.

Sign here if you are taking the franchise as an

INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By:_____
Signature

Print Name_____

Title_____

EXHIBIT M
FORM OF GENERAL RELEASE

The following is our current general release language, which we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We have the right to periodically modify the release.

*Franchisee, its officers and directors, partners, members and managers, owners, and their respective agents, heirs, administrators, successors, and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless Truly Nolen of America, Inc., its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the "**Franchisor Group**"), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership, or operation of the Business. (The releases given here include the parties' waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor")). The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Franchise Agreement or the Facility. The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements, or promises described herein.*

[SIGNATURE PAGE FOLLOWS]

ATTEST:

By:_____

Print Name:_____

Title_____

WITNESS:

_____

Print Name: _____

FOR ENTITY:
FRANCHISEE:

By:_____

Print Name:_____

Title_____

Date:_____

GUARANTOR:

_____

Print Name:_____

Date: _____

FOR INDIVIDUAL:
FRANCHISEE:

_____

Print Name:_____

Date:_____

STATE EFFECTIVE DATES

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

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

STATE	EFFECTIVE DATE
California	Pending
Illinois	Pending
Indiana	Exempt
Michigan	Pending
New York	Pending
South Dakota	Pending
Rhode Island	Pending
Utah	Pending
Wisconsin	Pending

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

EXHIBIT N
RECEIPT

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

If Truly Nolen of America, Inc. ("**TNAI**") offers you a franchise, it must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or (b) under New York law, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (c) Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship; or (d) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If TNAI 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, DC 20580 and the appropriate state agency listed on Exhibit A.

TNAI is the franchisor, with its offices at 432 S Williams Blvd, Tucson, Arizona 85711 (tel: (520) 327-3447). TNAI authorizes the agents listed in Exhibit A to receive service of process for it in the particular state.

The issuance date of this disclosure document is June 15, 2022.

The franchise seller is Lance Washington at 432 S Williams Blvd, Tucson, Arizona 85711 (tel: (520) 327-3447). Any additional individual franchise sellers involved in offering the franchise are: _____.

I received a disclosure document dated June 15, 2022, that included the following Exhibits:

A.	List of State Agencies/Agents for Service of Process	H.	List of Franchisees
B.	State Specific Addenda	I.	List of Franchisees Who Have Left The System
C.	Franchise Agreement	J.	TNAI Company-Owned Businesses
D.	Asset Purchase and Sale Agreement	K.	Table of Contents of Manual
E.	Promissory Note	L.	Franchisee Disclosure Acknowledgment Statement
F.	Form of Real Estate Lease	M.	Form of General Release
G.	Financial Statements	N.	Receipts

Date: _____, 202____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

EXHIBIT N
RECEIPT

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

If Truly Nolen of America, Inc. ("**TNAI**") offers you a franchise, it must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or (b) under New York law, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (c) Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship; or (d) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If TNAI 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, DC 20580 and the appropriate state agency listed on Exhibit A.

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F.	Form of Real Estate Lease	M.	Form of General Release
G.	Financial Statements	N.	Receipts

Date:_____, 202_____ _____
(Do not leave blank) Signature of Prospective Franchisee

_____
Print Name

Please sign, date, and return this copy to us