FRANCHISE DISCLOSURE DOCUMENT
VITAL RESTORATION FRANCHISING, INC.

A California Corporation
6 South Linden Ave., Suite 9
South San Francisco, California 94080
(650) 333-4008
www.vitalrestoration.com

Vital Restoration Franchising, Inc. offers a franchise for the establishment and operation of a Restoration Business providing residential and commercial water, fire, smoke, and mold restoration services with additional services such as cleaning, drying, and repair of damaged structural areas.

The estimated total investment necessary to begin operations of a Vital Restoration franchise is $138,750 to $305,567. This includes $35,000 that must be paid to the franchisor or affiliate. We also offer area development opportunities for multiple Vital Restoration Businesses after a franchisee has executed a franchise agreement for the first location. The total investment necessary under the area development agreement equals the initial franchise fee, divided by two, multiplied by the number of Vital Restoration Businesses scheduled to open for operations under the area development agreement (other than the first Vital Restoration Business which must be paid in full). The initial franchise fees for franchises developed under an area development agreement vary from $35,000 to $25,000 depending on the number of units to be opened. For example, the initial investment for six units is $122,500, and the initial investment to open twenty-six units is $347,500. All of this amount is payable to us or our affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Sal Vitalie, 6 South Linden Ave, Suite 9, South San Francisco, California 94080, (650) 333-4008.

The terms of your contract will govern your franchise relationship. Don't rely on this 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, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Date of Issuance: March 15, 2018

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE THAT MOST DISPUTES BE SUBMITTED TO ARBITRATION IN SAN MATEO COUNTY, CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THE LAW OF THE STATE WHERE THE FRANCHISED UNIT IS LOCATED GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS WHICH MAY LIMIT FRANCHISEE'S RIGHTS INCLUDING BUT NOT LIMITED TO: A JURY TRIAL WAIVER, A LIMITATION OF ACTIONS, AND A LIMITATION OF DAMAGES.

4. YOUR SPOUSE MAY BE REQUIRED TO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed before we can make offers or sell franchises there: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The Franchise Disclosure Document is registered, on file or exempt from registration in the following states where the order of effectiveness is effective on the date set forth below:

State	Effective Date of Order
California	Pending

This Franchise Disclosure Document is not registered, on file or exempt from registration in Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin, and your receipt of this disclosure document shall not be deemed an offer of a franchise in those states.

In all other states, this Franchise Disclosure Document's effective date is the issuance date of March 15, 2018.

MICHIGAN DISCLOSURE NOTICE

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

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, 6th Floor
Lansing, Michigan 48909
(517) 373-7117

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

To simplify the language in this Disclosure Document, the words "we," "our," "us" and "Vital Restoration" refer to Vital Restoration Franchising, Inc., the franchisor of this business. "You" and "your" refer to the person who buys the franchise, whether you are a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this disclosure also apply to your owners and will be noted.

The Franchisor

We were incorporated in California on 9/10/2009 to offer Vital Restoration franchises. Our principal business address is 6 South Linden Avenue, Suite 9, South San Francisco, California 94080. We do business under our corporate name and the name Vital Restoration. We have offered franchises since November 1, 2011.

We franchise the right to operate a business providing residential and commercial water, fire, smoke and mold restoration services with additional services such as cleaning, drying and repair of damaged structural areas. The franchise or franchised business does business under the trade name, Vital Restoration, and also uses our other related service marks, trademarks or logos (our "Marks"). The franchise can be located in a home office with service tools and equipment stored in a garage or an off-site storage facility of up to 150 square feet. The franchise can also be located in an office or warehouse ranging from 100 to 10,000 square feet, typically placed in a light industrial area. The franchise operates using our standards, methods, procedures and specifications, called our "System." We do not operate a business of the type being franchised. We are not involved in any other business activities.

Our Parents, Predecessors and Affiliates

We do not have any parent companies or predecessors. We have one Affiliate.

Our Affiliate, Vitalie's Restoration 9-1-1, Inc., operated a business like the franchise offered until 2016 when it sold its business to a franchisee. Currently, our affiliate does not operate a franchise like the franchise offered. Our Affiliate does not and has not previously offered franchises in this or any other line of business and does not offer products or services for sale to franchisees.

General Description of the Market and Competition

A Vital Restoration franchise provides residential and commercial water, fire, smoke and mold restoration services with additional services such as cleaning, drying and repair of damaged structural areas, restoration after disasters and general contracting. You may have to compete with other businesses, including franchised operations, national chains and independently owned companies offering restoration services and similar services. You may also encounter competition from other Vital Restoration franchises. Changes in local and national economic conditions and population density affect this industry and are generally difficult to predict. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, changes in supply and demand, new technologies and competition from internet-based organizations that provide information and some related services or products. Our ability to fulfill our obligations under our Franchise Agreement depends in part on our present and future financial condition. Litigation risks also exist, including future litigation that may not be predicted.

Regulations Specific to the Industry

Most states and local jurisdiction have enacted laws, rules, regulations and ordinances which may apply to the operation of your business, including occupational health and safety; labor; licensing and bonding; insurance; and advertising. You will need to obtain water damage restoration technician certification from the Institute of Inspection Cleaning and Restoration Certification (IICRC). Additionally, you may need to obtain other certifications and be a licensed contractor or engineer depending on your local or state requirements. You must investigate and comply with all applicable federal, state, county and city laws and regulations. You alone are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you.

Agents for Service of Process

Our agents for service of process are listed on Exhibit B to this Disclosure Document.

ITEM 2. BUSINESS EXPERIENCE

President: Sal Vitalie

Mr. Vitalie has been our President since our formation in September of 2009. Mr. Vitalie also served as the President of Vitalie's Restoration 9-1-1, Inc., our Affiliate, which operated the same type of business as this franchise until January 13, 2016. Mr. Vitalie has held those positions since the formation of those entities in September 2009. Mr. Vitalie was previously the Owner of Vitalie's Restoration 9-1-1, a sole proprietorship which conducted the same type of business as this franchise, since October, 2004.

Director of Franchise Operations: Timothy R. Brown

Mr. Brown has served as the Director of Franchisee Operations since November, 2011. He also serves as the President of Fire Water, Inc., a Vital Restoration franchisee in Springfield, IL and has held that position since 2011. Prior to that, Mr. Brown was operations manager for Evans Restoration Services in Springfield, IL from 2007 to 2011.

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

You pay us a $35,000 lump sum franchise fee when you sign the Franchise Agreement for a Vital Restoration franchise. Our first six franchise units paid a reduced initial franchise fee. The initial fees may not be uniform. (California residents, see State Addendum.)

If you enter into an area development agreement, you pay us an area development fee in the amount of one half the franchise fee times the number of units to be opened under the area development agreement. The franchise fee for franchises under an area development agreement, other than the first franchise, which is used in determining the area development fee, varies from $35,000 to $25,000 depending on the number of franchises purchased. Multi-unit fees may not be uniform. We credit the portion of the area development fee attributed to each respective franchise against the initial franchise fee that is due as that franchise agreement is signed until the aggregate amount of such credits equals the development fee. (California residents, see State Addendum.)

The initial franchise fee and area development fee are nonrefundable. The franchise fee and area development fee are compensation to us for our efforts in offering and selling a franchise to you, our franchise sales and marketing activities to promote the sale of a franchise to qualified franchisees, our participation in the franchise sale, our legal compliance with franchise laws and regulations, site selection assistance and guidelines, the development and hosting of initial training programs and our participation in terminating the franchise.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of gross sales	Payable weekly on Tuesday	You must pay your royalty fee directly to us. See definition of gross sales[1]. (Section 3.2)
Marketing Fund Contribution	Currently 0%, but may be up to 2% of gross sales	If established, Payable weekly on Tuesday	You pay your marketing fund contribution to us. We will give you 30 days notice before increasing required contributions. (Section 11.3) (See ITEM 11)
Software Fee	Currently $0, but may increase	Annually	We have developed proprietary Restoration Project Management software and may develop other software. As of the date of this document, we are not charging a software licensing fee but reserve the right to charge a reasonable software licensing fee.
Local Advertising	2% of gross sales	Monthly	You pay directly to providers subject to our approval. (Section 11.2) We may require your expenditures to be used in cooperative advertising. (Section 11.4) Further information about all advertising programs is included in ITEM 11.
Audit Expenses[2]	All costs and expenses associated with audit, approximately $1,500 - $5,000	Upon demand	Audit costs payable only if the audit shows you have not spent 2% of your monthly gross sales on local advertising or if you underreported amounts you owe us by 3% or more. (Section 12.6)
Late Fees[3]	1.5% per month or the highest rate allowed by the state where you are located	Upon demand	Applies to all overdue fees you owe us. (Section 3.5) Also applies to any understatement in amounts due revealed by an audit. (Section 12.6)
Approval of Products or Suppliers[4]	Approximately $500 - $1,000	Time of evaluation	Applies to our evaluation of new suppliers you wish to purchase from or products you wish to purchase. (Section 13.1)
Renewal Fee	$5,000	At Renewal	Payable to us at the time of renewal.
Transfer Fee – Franchise Agreement	$10,000	At the time of transfer	Payable to us at time of transfer. Does not apply to an assignment under Section 18.3 of the Franchise Agreement. (Section 0)
Transfer Fee – Area Development Agreement	The sum of (1) twenty-five percent (25%) of the purchase price; (2) all of our expenses incurred in connection with the transfer	At the time of transfer	Payable to us at the time of transfer.
System Modifications	Not more than $15,000 during the initial term of the franchise	As required	If we make changes to our System, you must adapt your business to conform to the changes. Some examples of changes include new equipment, fixtures, software or new Marks. (Section 10.2)

Type of Fee	Amount	Due Date	Remarks
Relocation Assistance	Approximately $750 - $1,500	Time of assistance	If you need our assistance to relocate, you must reimburse our costs to assist you. (Section 5.6)
Customer Service[5]	All costs incurred in assisting your customers, approximately $3,500 - $7,000	Upon demand	You must reimburse us if we determine it is necessary for us to provide service directly to your customers. (Section 13.10)
Substitute or New Manager Training/ Additional Training	Currently, $600 per day, plus your expenses in attending	Time of training	Our initial training program is covered by your franchise fee. If you have to repeat initial training, we may charge you. (Sections 8.1, 8.3 and 8.4) Further information about training programs is included in ITEM 11.
Ongoing Training[6]	Approximately $600 - $1,500	Time of program	If you require training at a time or place other than Vital Restoration's regularly scheduled initial training programs, you agree to pay Vital Restoration's fee plus all costs and expenses of such training. You may also request additional Special Training after the conclusion of Vital Restoration's initial training program. Special Training is provided upon your request and at Vital Restoration's convenience, and you agree to pay Vital Restoration's fee plus all costs and expenses of such additional training. We may also require additional training as a condition of curing any non-payment default, and you agree to pay Vital Restoration's fee plus all costs and expenses of such additional training. (Section 8.5)
Additional Operations Assistance	Currently, $600 per day plus our expenses	Time of assistance	We provide assistance related to beginning of operations. You pay for additional assistance if you request it. (Section 8.2)
Non-compliance Charge	Up to $500 per violation	As incurred	We may charge you a non-compliance charge for any violation by you of any term or condition of the Franchise Agreement.
Cost of Enforcement	All costs including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing obligations if we prevail. (Section 22.4)
Temporary Management Assistance	Currently, $600 per day, plus our expenses	Each month that it applies	If you breach the Franchise Agreement or following the death or incapacity of an owner of the franchise, we may temporarily manage your franchised Restoration Business. (Sections 16.5 and 0)
Indemnification	All costs including reasonable attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the franchised Restoration Business. We also provide indemnification to you for any lawsuits or claims arising from your authorized use of the Marks. (Sections 6.4 and 21.3)

We may require that all fees payable to us be paid through an electronic depository transfer account.

The fees above may not be uniformly applied. No other fees or payments are to be paid to us or our Affiliate, nor do we impose or collect any other fees or payments for any other third party. All fees are generally non-refundable.

NOTES

[1] "Gross sales" means all revenue from the franchised Restoration Business. Gross sales do not include sales tax or use tax. (Section 1)

[2] We assume costs vary depending on factors, including prevailing auditor's rates in your area, the business activity being audited and how well you keep your books and records. You pay our actual costs only. You should be able to investigate these costs by contacting auditors in your area.

[3] Late fees begin from the date payment was due, but not received, or date of underpayment. The maximum interest rate in California is ten percent (10%) per annum.

[4] Costs vary depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, whether the product or supplier has been rated and other similar factors. You pay our actual costs only.

[5] Costs vary depending on factors, including nature of the complaint, expertise needed and the time involved. You pay our actual costs only.

[6] You must attend our ongoing training programs. You must pay your costs to attend. We may charge you an attendance fee currently estimated to be $500. Costs vary depending on the number of people attending, how far you travel and the type of accommodations you choose. You should be able to investigate these costs through travel agencies. For further reference, review the estimated costs to attend our initial training program included in ITEM 7.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee[1]	$35,000	Cashier's Check	At Signing of Franchise Agreement	Us
Real Estate/Rent[2]	$0 - $16,667	As Arranged	Before Beginning Operations	Lessor
Utility Deposits[3]	$50 - $200	-	Before Beginning Operations	Utilities
Leasehold Improvements[4]	$0 - $50,000	As Arranged	Before Beginning Operations	Contractor, Suppliers
Insurance[5]	$2,000 - $3 500	As Arranged	Before Beginning Operations	Insurance Companies
Office Equipment and Supplies[6]	$1,000 - $5,000	As Arranged	Before Beginning Operations	Suppliers
Training[7]	$0 - $2,000	As Arranged	Before Beginning Operations	Airlines, Hotels & Restaurants
Signage[8]	$200 - $1,000	As Arranged	Before Beginning Operations	Approved Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Furniture, Fixtures & Equipment[9]	$40,000 - $75,000	As Arranged	Before Beginning Operations	Approved Suppliers, Suppliers
Vehicle	$1,000 - $15,000	As Arranged	Before Beginning Operations	Suppliers
Initial Inventory[10]	$500 - $2,000	As Arranged	Before Beginning Operations	Approved Suppliers, Suppliers
Grand Opening[11]	$4,000 - $8,000	As Arranged	First 3 Months of Operation	Advertising Suppliers
Computer & Software[12]	$2,000 - $10,000	As Arranged	Before Beginning Operations	Approved Suppliers, Suppliers
Licenses & Permits[13]	$2,500 - $3,500	As Arranged	Before Beginning Operations	Licensing Authorities
Legal & Accounting[14]	$500 - $3,500	As Arranged	Before Beginning Operations	Attorney, Accountant
Dues & Subscriptions[15]	$0 - $200	As Arranged	Before Beginning Operations	Associations, Suppliers
Additional Funds[16] (3 months)	$50,000 - $75,000	As Arranged	As Necessary	Employees, Utilities, Lessor, Suppliers
TOTAL[18]	$138,750 - $305,567			

NOTES

[1] Franchise Fee. The franchise fee and its refund policy are described in greater detail in ITEM 5. We do not finance any fee. (California Residents please see addendum)

[2] Real Estate/Rent. You may operate the franchised business from an office you set up in your or your designated manager's home or from an approved location. Should you operate the franchised business from an office you set up in your or your designated manager's home you will also need up to 150 square feet of space to store service tools and equipment. The low estimate is based on the assumption that you operate the franchised business from your or your designated manager's home and are able to store the service tools and equipment in an attached garage or other home-based storage area. The high estimate is based on the assumption that you will lease a unit and will pay a security deposit equal to 2 months' rent to lease the unit. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage and cost per square foot. Some lessors may refund the security deposit if you cancel the lease before you occupy the premises. Estimated rental costs for 3 months are included with the category "Additional Funds," (see Note 17 below).

[3] Utility Deposits. If you are a new customer of your local utilities, you will generally have to pay deposits to obtain services, including electric, telephone, gas and water. The amount of the deposit and whether the deposit is refundable will vary depending on the local utilities. You should contact your local utilities for more information. If you are establishing a home-based business, we assume your costs will be minimal.

[4] Leasehold Improvements. To adapt the office and storage area for operation of the franchised business, you may need to make some minor renovations or improvements. The cost of the leasehold improvements will vary

depending on factors, including the size, condition and location of the facility, local wage rates and the cost of materials. The low estimate assumes that you will need fewer renovations. The amounts you pay for leasehold improvements are typically non-refundable. You should inquire about the refund policy of the contractor at or before the time of hiring.

[5] Insurance. You must purchase the following types and amounts of insurance:

(1) "all risk" property insurance coverage for assets of the franchised Restoration Business;
(2) workers' compensation insurance and employer liability coverage with a minimum limit of $100,000 or higher if your state law requires;
(3) comprehensive general liability insurance with a minimum liability coverage of $1,000,000 per occurrence and $2,000,000 in the aggregate, or higher if your state law requires;
(4) business interruption insurance;
(5) insurance coverage for contractual indemnity;
(6) automobile liability insurance of at least $1,000,000;
(7) mold restoration and pollution coverage;
(8) cyber security/data breach insurance; and
(9) employment liability insurance.

Factors that may affect your cost of insurance include the size and location of the franchised Restoration Business, value of the leasehold improvements, equipment, and inventory, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

[6] Office Equipment and Supplies. You must purchase general office supplies, including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. Factors determining whether office equipment and supplies are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

[7] Training. The cost of initial training is included in the franchise fee, but you are responsible for transportation and expenses for meals and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. These expenses are typically non-refundable. Before making airline ticket, hotel, rental car or other reservations, you should inquire about the refund policy in the event you need to cancel any reservation.

[8] Signage. This range includes the cost of vehicle signage for 1 cargo van used to operate the franchised business. The signage requirements and costs will vary based upon the local market for vehicle signage. The amounts you pay for signage are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchase.

[9] Furniture, Fixtures & Equipment. You must purchase and/or lease equipment necessary to operate your franchised Restoration Business. The cost of the furniture, fixtures and equipment will vary according to local market conditions, suppliers and other related factors. We do not know if the amounts you pay for furniture, fixtures or equipment are refundable. Factors determining whether payments for equipment are refundable typically include the condition of the items, level of use, length of time of possession and other variables. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing or leasing.

[10] Initial Inventory. You must purchase an initial inventory of supplies for use in the operation of the franchised Restoration Business. Costs vary based on the location the franchised Restoration Business, suppliers and other factors. We do not know if the amounts you pay for inventory items may be refundable. Factors determining whether payments for inventory items are refundable typically include the condition of the items at time of return, level of use, length of time of possession and other factors. You should inquire about the return and refund policy of the suppliers at or before time of purchasing.

[11] Vehicle. You will need a cargo van to accommodate the required equipment. The low estimate is based on an assumption that you own an acceptable late model cargo van. The high estimate represents the estimated cost of a down payment on a lease of a cargo van. The amounts you pay for leasing a vehicle are typically non-refundable.

[12] Grand Opening. You must spend a minimum amount we specify on grand opening advertising during the first 3 months of operation. We determine the minimum based on our assessment of your advertising costs in your area and the time of year that you are opening. You may choose to spend more. See ITEM 11. Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the franchised Restoration Business, time of year and customer demographics in the surrounding area. The amounts you spend for grand opening advertising are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

[13] Computer & Software. You must purchase computer equipment and software we designate for use in the operation of the franchised Restoration Business. We do not know if the amounts you pay for the computer equipment and software may be refundable. The amounts you pay for the computer equipment and software are typically non-refundable, or if refundable, may be subject to a "re-stocking" fee. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

[14] Licenses & Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses and permits to make improvements to your office and/or storage area. In addition to business and operating licenses and permits, you may need to become a licensed contractor or engineer to make repairs to damaged structures. The low estimate represents the costs of standard occupancy permits and operating licenses. The high estimate represents the costs of standard occupancy permits and operating licenses, costs for building permits and costs to obtain a contractor's or an engineer's license. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

[15] Legal & Accounting. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your franchised Restoration Business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

[16] Dues and Subscriptions. You are encouraged to join the local Chamber of Commerce, the Better Business Bureau, and/or other related trade organizations. You may choose to join other local business networking organizations. These fees are typically not refundable. You should inquire about the cancellation and refund policy of the organizations at or before the time of purchase.

[17] Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses, including rent, utilities and employees' salaries, for the first 3 months that the franchised Restoration Business is open. We cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

[18] Total. In compiling this chart, we relied on our and our Affiliate's industry knowledge and experience. The amounts shown are estimates only and may vary for many reasons, including the size and condition of your facility, the

capabilities of your management team, where you locate your franchised Restoration Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only, and we cannot guarantee that you will not have additional expenses in starting the franchised Restoration Business.

The purchase price agreed upon by the purchaser and our affiliate for the purchase of our affiliate's Vital Restoration Business will include all categories of items with a zero dollar amount listed in the appropriate column.

We do not offer direct or indirect financing to you for any items.

ESTIMATED INITIAL INVESTMENT: AREA DEVELOPMENT AGREEMENT

EXPENDITURES	AMOUNT	METHOD OF PAYABLE	WHEN DUE	TO WHOM PAYMENT IS TO BE M ADE
Initial Fee for first Vital Restoration Business	$35,000	As incurred.	Before you sign the Area Development Agreement.	Us.
Development Fee for Multiple Vital Restoration Businesses (See Item 5)[7]	An amount equal to the sum of one-half the initial franchise fee multiplied by the number of locations scheduled to be developed (except the first location).	Lump Sum.	When you sign the Area Development Agreement.	Us.
TOTAL ESTIMATED INITIAL INVESTMENT	**$122,500 for 6 Vital Restoration Businesses (including the initial location) $347,500 for 26 Vital Restoration Businesses (including the initial location)**			

Your actual costs will depend on the number of Vital Restoration Businesses you are to develop under the development schedule in the Area Development Agreement. You must sign a franchise agreement for your initial franchise location before you are eligible for an area development agreement. The fees for entering into an area development agreement are determined by multiplying one-half the franchise fee for each location to be developed under the agreement by the number of locations. The franchise fee for each location to be developed under the area development agreement varies depending on the number of units to be developed. For one to nine locations (not including the first location) the fee is $35,000 per location; for ten to twenty-four locations (not including the first location), the fee is $30,000 per location. For twenty-five or more locations, the fee is $25,000 per location. We apply the area development fee, with respect to the portion attributed to each franchise, toward the Initial Franchise Fee due under the respective franchise agreement (excluding the first franchise agreement) signed by you or your affiliates pursuant to the Area Development Agreement. You must enter into a Franchise Agreement before or simultaneously with the Area Development Agreement. We make no representation that your costs will come within the ranges estimated and cannot guarantee that you will not incur additional expenses entering into an Area Development Agreement.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Franchisor as Designated Supplier

Currently, neither we, nor any Affiliate is a designated supplier, and you are not currently required to purchase any goods or services from us or our Affiliate. We retain the right, however, to designate Vital Restoration Franchising, Inc. or an affiliate of us as a designated supplier, to charge a fee for products or services offered and to earn a profit on those products or services.

We have developed and may develop from time to time various standards and specifications for products, equipment, signage, computers and point of sale systems. We have and will continue to periodically approve specifications, suppliers and/or distributors of the above products, which may include us or our affiliates, that meet our standards and requirements, including standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations. We may approve a single distributor or other supplier (collectively "supplier"), for any product and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or better advertising support or services for any group of Vital Restoration Businesses franchised or operated by us. Currently, we do not derive revenue as a result of any of your required purchases, but we retain the right to do so in the future. We do not provide material benefits to franchisees based on a franchisee's purchase of particular products or services or use of particular approved suppliers.

Furniture, Fixtures and Equipment

You must purchase any furniture, fixtures, equipment, or signage under our specifications in the Vital Restoration Confidential Operations Manual ("Confidential Operations Manual"). These specifications include standards and specifications for the appearance, quality, price, performance and functionality. These standards and specifications are based on our Affiliate's experience in operating a business of the type we are franchising and on research and testing in our Affiliate's business. We may communicate our standards and specifications directly to suppliers who wish to supply you with furniture, fixtures, equipment, and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the franchised Restoration Business during training, before you conduct your grand opening advertising, during on-site opening assistance, during periodic visits to your franchise location and through the Confidential Operations Manual (including periodic bulletins). We will periodically issue new standards and specifications (if any) through written notices. While we have created standards and specifications for the development of your franchised Restoration Business, we have not designated any vendors and suppliers, except as mentioned under "Franchisor as Designated Supplier," and no officer of the franchisor has any ownership or other interest in any supplier.

New Products and Services, Review Criteria

If you would like to use any goods or services in establishing and operating the franchised Restoration Business that we have not approved (for goods and services that must meet our standards and specifications or that require our approval of the supplier), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications or the supplier meets our approved supplier criteria. We have the right to inspect the proposed supplier's facilities and to require product samples and testing. You must pay our expenses to evaluate goods, services or suppliers. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services or whether the supplier is approved. Our criteria for approving or revoking approval of suppliers includes: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production and delivery capability; dependability and general reputation, and impact on other supplier agreements. We are not required to approve any proposed supplier and we may disapprove a proposed supplier who does not meet our requirements. We may also disapprove a proposed supplier if the purchase would violate a contract with an existing supplier.

Periodically, we may review our approval of any goods, services or suppliers. We will notify you if we revoke our approval of goods, services or suppliers, and you must immediately stop purchasing disapproved goods or services, or must immediately stop purchasing from a disapproved supplier. Additionally, we may negotiate pricing arrangements, including volume discounts, on behalf of our franchisees with our suppliers. Volume discounts may not be available to franchisees located in outlying markets that a particular supplier does not serve in significant volume.

In 2017, our total revenue was $126,084, and $0 or 0% of our total revenue was derived from required purchases or leases of products or services acquired by franchisees.

We estimate that approximately 20% to 45% of your expenditures for leases and purchases in establishing your franchised Restoration Business will be for goods and services that must be purchased from us, our Affiliate or an approved supplier or according to our standards and specifications. We estimate that approximately 20% to 30% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our Affiliate, or an approved supplier or according to our standards and specifications.

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 the Franchise Agreement	Disclosure Document ITEM
a.	Site selection and acquisition/lease	Section 5	ITEMS 11 and 12
b.	Pre-opening purchases/leases	Sections 5, 12 and 15	ITEMS 7 and 8
c.	Site development and other pre-opening requirements	Sections 5 and 8	ITEMS 7, 8 and 11
d.	Initial and ongoing training	Section 8	ITEMS 6, 7 and 11
e.	Opening	Sections 5 and 8	ITEM 11
f.	Fees	Sections 3, 5, 8, 10, 11, 13, 15, 18 and 22	ITEMS 5, 6 and 7
g.	Compliance with standards and policies/Confidential Operations Manual	Sections 6, 7, 9, 10 and 13	ITEMS 8, 14 and 16
h.	Trademarks and proprietary information	Sections 6, 7 and 9	ITEMS 13 and 14
i.	Restrictions on products/services offered	Sections 5, 6 and 13	ITEMS 8 and 16

Obligation		Section in the Franchise Agreement	Disclosure Document ITEM
j.	Warranty and customer service requirements	Section 13	ITEM 16
k.	Territorial development and sales quotas	Not Applicable	Not Applicable
l.	Ongoing product/service purchases	Section 13	ITEMS 8 and 11
m.	Maintenance, appearance and remodeling requirements	Sections 5, 10 and 13	ITEM 6
n.	Insurance	Section 15	ITEMS 6, 7 and 8
o.	Advertising	Section 11	ITEMS 6, 7 and 11
p.	Indemnification	Section 21	ITEM 6
q.	Owner's participation/management/ staffing	Section 13	ITEM 15
r.	Records and reports	Section 12	ITEM 11
s.	Inspections and audits	Sections 6 and 12	ITEMS 6, 11 and 13
t.	Transfer	Section 18 and Exhibits 1 and 5	ITEMS 6 and 17
u.	Renewal	Section 4 and Exhibits 1 and 5	ITEM 17
v.	Post-termination obligations	Section 17 and Exhibits 2 and 5	ITEM 17
w.	Non-competition covenants	Sections 7 and 17 and Exhibits 2 and 5	ITEM 17
x.	Dispute resolution	Section 23 and Exhibit 5	ITEM 17
y.	Other	Not Applicable	Not Applicable

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your lease or other obligations.

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

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

A. Before you open your franchised Restoration Business, we will:

1. if applicable, review and approve your lease for an off-site storage unit for the service tools

and equipment of the franchised business. (Section 5.2)

Our review of your lease or purchase agreement and any advice or recommendations we may offer is not a representation or guarantee by us that you will succeed at the leased or purchased premises. Our review of your lease does not constitute legal advice and our review is solely for the purpose of ensuring that the lease complies with the Franchise Agreement. For legal advice, you must rely upon the advice of your attorney.

2. designate your non-exclusive area (area of primary responsibility). (Section 2.4; See also ITEM 12)

Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your franchised Restoration Business will be profitable or successful by being located at the approved location. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.

3. provide you with our criteria for a vehicle, supplies, service tools and equipment necessary for the operation of the franchised business. (Section 5.1)

4. provide an initial training program. This training is described in detail later in this ITEM. (Section 8.1)

5. provide to you, on loan, one paper copy of the Vital Restoration Confidential Operations Manual or provide you with access to an electronic copy of the Confidential Operations Manual. The approximate total number of pages in the Confidential Operations Manual as of the date of this Disclosure Document is 250. The Table of Contents of the Confidential Operations Manual, along with number of pages devoted to each section, is included as Exhibit E to this Disclosure Document. (Section 9.1)

B. After the opening of the franchised Restoration Business, we may:

1. periodically advise you and offer general guidance to you by telephone, e-mail, facsimile, newsletters and other methods. Our guidance is based on our and our Affiliate's knowledge and experience. We may offer you advice and guidance on a variety of business matters, including operational methods, accounting procedures, authorized products or services and marketing and sales strategies. (Section 14.1)

2. make periodic visits to the franchised Restoration Business to provide you with consultation, assistance and guidance in various aspects of the operation and management of the franchised Restoration Business. We may prepare written reports suggesting changes or improvements in the operations of the franchised Restoration Business and detailing deficiencies that become evident as a result of a visit. If we prepare a report, we may provide you with a copy. (Section 14.2)

3. make available to you operations assistance and ongoing training as we think necessary. (Sections 8.2 and 8.5) Ongoing training programs are described later in this ITEM and in ITEM 6. (See also ITEM 9.d.)

4. approve forms of advertising materials you will use for local advertising, grand opening advertising, cooperative advertising, social media, SEO, Adwords, and on-line marketing. (Section 11.2) Our advertising programs are described later in this ITEM. (See also ITEM 9.o.)

5. provide you with modifications to the Confidential Operations Manual as they are made available to franchisees. (Section 9.2) The Confidential Operations Manual is described in ITEM 14. (See also ITEM 9.g.)

C. Advertising and Promotion

1. During your first 3 months of operation, you must spend a minimum amount we specify on local advertisement and promotion of initial opening (grand opening advertising), including print or news media or direct mail advertising, dues for business organizations, event dues or other solicitation, social media, SEO, Adwords, on-line marketing and promotional efforts. We determine the minimum amount by assessing advertising costs in your area and taking into account the time of year your opening occurs. We will provide you with guidance for conducting grand opening advertising, and we will review and approve the materials you use in your grand opening advertising. (Section 11.1; See also ITEM 9.f. and 9.o.)

2. Each month, you must spend 2% of your gross sales on advertising, promotions and public relations in the local area surrounding the franchised Restoration Business. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines and we will review and approve your advertisements. We will not spend any funds on advertising your franchised Restoration Business in your local area. (Section 11.2; See also ITEM 9.o.)

3. To assist in our regional and national advertising, we may set up a System-wide marketing fund, and if we do you must contribute to the fund. The amount of your contribution to the fund is described in ITEM 6 under the heading, "Marketing Fund Contributions." (Section 11.3; See also ITEM 9.o.) We will administer the marketing fund as follows:

(a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to its contribution from the placement of advertising by the marketing fund;

(b) We may use your contributions to meet or reimburse us for any cost of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures; conducting market research; and providing other marketing materials to franchisees). We will maintain your contributions in a separate account from our funds, and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the marketing fund. We will not use marketing fund contributions for the direct solicitation of franchise sales;

(c) We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the marketing fund before we use current contributions. We intend for the marketing fund to be perpetual, but we have the right to terminate it if it is desirable to do so. We will not terminate the marketing fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share of the unused portion of the fund;

(d) All Vital Restoration Businesses owned by us or an affiliate will make similar contributions to the marketing fund in amounts that are similar to those required of franchisees;

(e) We will have an accounting of the marketing fund prepared each year and will provide you with a copy if you request it. We may require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the marketing fund's expense;

(f) The marketing fund is not a trust, and we assume no fiduciary duty in administering the marketing fund;

To date, we have not begun collecting marketing fund fees. Except for salaries of any marketing personnel that may be employed by us and the reimbursement of overhead expenses directly related to the administration of the fund, we do not and will not receive compensation for providing goods or services to the fund. No marketing funds were used for solicitation of new franchisees. See ITEMS 6 and 9 for other advertising information.

4. Although we are not obligated to do so, we may create a cooperative advertising program for the benefit of all Vital Restoration franchises located in a particular region. We have the right to collect and designate for cooperative advertising all or a portion of the amounts otherwise required to be spent on local advertising. We will determine the geographic territory and market areas for each cooperative advertising program. You must participate in any cooperative advertising program established in your region. If cooperative advertising is implemented in a particular region, we may establish an advertising council for franchisees in that region to self-administer the program. If we establish a cooperative advertising program or programs with or without an advertising council, there are no limits on our right to change, dissolve or merge these program(s) and/or council(s) at any time. (Section 11.4; See also ITEM 9.o.)

5. You must list the telephone number for the franchised business in the local telephone directory. If we require you to do so, you must also advertise the business in the yellow pages and such on-line directories that we specify.

6. You are restricted from establishing a presence on, or marketing on, the Internet without our consent. We have an Internet website at the uniform resource locator www.vitalrestoration.com that provides information about the System and about Vital Restoration franchises. We may (but we are not required to) include at the Vital Restoration website an interior page containing information about your franchised Restoration Business. All information must be approved by us before it is posted. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites or as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, the Vital Restoration website. (Section 11.5; See also ITEM 9.o.) We may require you to list your Vital Restoration business in specified online directories, and/or to participate in specified online search engine or pay per click programs designed to identify your business to consumers, and you may be required to execute agreements with third party providers and pay fees to third party providers to satisfy this requirement.

7. We do not permit you to use your own advertising unless Vital Restoration has previously approved that advertising. We will not approve advertising which is false, inaccurate, or misleading, advertising which does not correctly use the trademarks and other symbols of Vital Restoration, or advertising which contains offensive material or which disparages the name or goodwill of Vital Restoration, as determined in Vital Restoration's sole discretion. Before your use of any advertising or promotional materials, samples of all local and regional advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. You may not use any advertising or promotional materials that Vital Restoration has not previously approved in writing. We shall have the right to terminate Vital Restoration's approval of any advertising materials at any time upon written notice to you. Your advertising, promotion and marketing materials must be clear, factual, not misleading and conform to all ethical advertising and marketing standards, as well as Vital Restoration's advertising and marketing policies, as we may periodically change. You must include notices of the franchise system website in the manner we designate

on your advertising.

If we provide you with a webpage on the franchise system website, you must (i) provide us the information and materials we request to develop, update and modify your webpage; (ii) notify us whenever any information on your webpage is not accurate; (iii) if we give you the right to modify your webpage, notify us whenever you change the context of your webpage; (iv) pay us then current initial fee and monthly maintenance fee for the webpage. We may also establish or authorize a third party to establish an email system in which you are required to participate. You must execute any agreements required by the third party provider and pay the provider any fees required to participate in the email system. We will maintain the franchise system website. We periodically may update and modify the franchise system website (including your webpage), and we have final approval rights over all information on the franchise system website (including your webpage). We will only maintain your webpage while you are in full compliance with the franchise agreement and all system standards, and we reserve the right to remove your webpage if you are in default of such until you cure such default. You may not develop, maintain or authorize any other webpage, internet site or social networking site (including but not limited to Facebook, MySpace, and Twitter) that mentions or describes you or your Vital Restoration business or displays any of the Marks without our prior written permission. In the event we authorize you to use the Marks in an online or social media forum, you agree that we will have administrative access to such forum and agree to provide us with all access, login and password information for such online and/or social media forums. We have no obligation to agree to your use of the Marks in any online media.

D. Computer/Point-of-Sale System

You must purchase and use any hardware and software programs we designate. (Section 12.5) Presently, we require you to install and use the following hardware and software:

Hardware
PC's and Laptops x 2
Estimation Devices
Software
Estimation Software
Restoration Project Manager Software
Microsoft Office
QuickBooks Financial

The approximate cost of the hardware and software ranges from approximately $2,000 to $10,000. This cost is included in the category of "Computer & Software" in Your Estimated Initial Investment chart in ITEM 7.

You do not currently have to enter into any ongoing maintenance or support agreements for the maintenance of a computer or point-of-sale system, but you may find it advantageous to do so. We reserve the right to require an ongoing maintenance program in the future. You may periodically be required to update or upgrade computer hardware and software, if we believe it is necessary. We may introduce new requirements for computer and point-of-sale systems or modify our specifications and requirements. There are no limits on our rights to do so, except as disclosed in ITEM 16. We have the right to independently access all information you collect or compile at any time without first notifying you. (Sections 10.2, 12.5 and 12.6)

E. Methods Used to Select the Location of the Franchised Restoration Business

You may establish a franchised business office within your or your designated manager's principal residence. At your option, you may store the service tools and equipment in a storage area that is on-site at the same location as the franchised business office or off-site in a leased storage unit. If you store the service tools and equipment in an off-site leased storage unit, we do not need to approve the site for the storage unit.

If you enter into an Area Development Agreement, with respect to each franchise after the first franchise, you must sign our then-current form of franchise agreement and pay the balance of the franchise fee once we have approved a site and prior to signing a lease or otherwise securing possession of the site. If you fail to sign a franchise agreement within a reasonable time after our approval, typically within 90 days, we may revoke approval of the site.

F. <u>Typical Length of Time Before Operation</u>

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the franchise is 90 days. Factors that may affect your beginning operations include ability to secure licenses and permits, zoning and local ordinances, weather conditions and delays in installation of equipment and fixtures. You must open your franchised Restoration Business and be operational within 240 days after signing the Franchise Agreement. (Sections 5.2 and 5.4)

G. <u>Training</u>

We provide you an initial training program that covers material aspects of the operation of the franchised Restoration Business. The topics covered are listed in the chart below. This training is offered on an as needed basis at our Affiliate's headquarters in South San Francisco, California, or another location we designate. You must designate a manager for the franchised Restoration Business and he or she must satisfactorily complete the initial training approximately 10 weeks before the opening of the franchised Restoration Business. One assistant of your choosing may also attend at your option. We expect that your attendees will advance through the training program at different rates depending on a variety of factors, including background and experience. The time frames provided in the chart are an estimate of the time it will take to complete training. We do not charge for initial training. You must pay for all travel costs and living expenses for yourself and any of your other attendees. These costs are estimated in ITEM 7. If you replace your designated manager, your new designated manager must attend our training program. You may be charged fees for additional training. Our current fees for additional training are described in ITEM 6. You are responsible for training your own employees and other management personnel. This initial training is in addition to the on-site opening assistance we provide to you. Your franchised Restoration Business must at all times be under the day-to-day supervision of a designated manager who has satisfactorily completed our training program. After a replacement of the designated manager, the new designated manager has 60 days to complete initial training. (Section 8).

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Operations Manual/Recruiting/ Management Techniques	8	-	Our headquarters in South San Francisco, California or at Franchisee's location
Sales and Promotions	16	-	Our headquarters in South San Francisco, California or at Franchisee's location
Computer Software Training	4	4	Our headquarters in South San Francisco, California or at Franchisee's location
Business and Equipment Maintenance	4	-	Our headquarters in South San Francisco, California or at Franchisee's location
Performing the Restoration Work and Job Responsibilities	16	16	Our headquarters in South San Francisco, California or at Franchisee's location
Vendors/Supplies	8	8	Our headquarters in South San Francisco, California or at Franchisee's location
Total	56	36	

Classroom Training refers to training that is conducted at the corporate headquarters in South San Francisco or a location to be designated by the franchisor. On-The-Job Training refers to training that is conducted at the franchisee's place of business within the respective territory.

Training will be conducted by Sal Vitalie and such other trainers as he may direct; his qualifications are as follows: almost 20 years in the restoration services business where he has spent time managing and working in every part of the business. His experience ranges from marketing and sales to that of restoration service work and management of employees and staff. He will be overseeing all of the training for franchisees.

The training will include the following instructional materials: Vital Restoration Confidential Operations Manual. The dates and location of the training will be communicated to you in the Confidential Operations Manual.

If circumstances require, a substitute trainer may provide training to you. We may periodically name additional trainers if the training schedule requires it. Any additional or substitute trainers will be required to have at least 3 months experience working with our system. There are no limits on our right to assign a substitute trainer to provide training. Certain segments of the training may vary from the chart shown above based on schedule changes due to business requirements and other factors. We will attempt to give you advance notice when this occurs.

Periodically, you, your managers or employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. You do not have to attend more than 1 of these programs in any calendar year and these programs will not exceed 3 days during any calendar year. (Section 8.5)

ITEM 12. TERRITORY

You will be granted a specific Territory with specific geographic boundaries, which will be mutually acceptable to you and to us. Before you sign the Franchise Agreement, your Territory will be defined and attached as Exhibit A to your Franchise Agreement. The minimum size of your territory will include a geographic area with at least 100,000 people, based upon recent generated publicly available demographic information. Generally, the maximum territory will initially be no more than 300,000 people. Factors included in the determination of territory size are zip codes, household income, population, and other demographic factors. The size and location of your Territory will be mutually agreed before you sign your Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution, including Internet sales, or competitive brands that we control. The area that you receive (called an "area of primary responsibility" or "area") will be described and depicted in a map attached to the Franchise Agreement. We determine the boundaries of the area based on a variety of factors, including population, median population age, proximity to competitors, proximity to other franchisees and natural, physical or political boundaries.

You will operate the franchise within the territory that we approve. You must receive our written permission before relocating. If you attempt to sell or otherwise transfer your franchised Restoration Business or if you are an entity and one of your owners sells or otherwise transfers its interest in you, we may exercise our right of first refusal. You must meet our qualifications for new franchisees to acquire an additional franchise location. There are no minimum sales quotas. As described in detail in ITEM 11.C.4, if we so request, you must combine advertising with other franchises that are located in the market targeted by the advertising.

We reserve all other rights for ourselves, including (by way of example and not as a limitation): a) the right to develop and operate or grant others to right to develop and operate a Franchised Restoration Business located outside the territory on terms and conditions we deem appropriate, b) the right to develop and operate or grant others the right to develop and operate a Franchised Restoration businesses that may offer products and services which are identical to products and services offered by your Vital Restoration franchise, under trade names, trademarks, service marks and commercial symbols which are different from the Marks; c) the right to produce and sell products using the Marks or other commercial symbols through other channels of distribution (including the internet) including products and/or services that are identical or similar to, and/or competitive with, those of your Vital Restoration franchise, regardless of the nature or location of the customers; d) the right to require the assets or ownership interest of one or more businesses providing products and services similar to those provided at your Vital Restoration franchise, and franchise, license or create similar arrangements with respect to these businesses once required (even if the business is located within the territory); e) the right to be acquired by a business providing products and services similar to those provided at your Vital Restoration franchise, or by another business, even if such business operates franchises or other competitive businesses in the territory; f) the right to operate other retail outlets or enter into other lines of businesses offering dissimilar products or services under trademarks or service marks other than the Marks; and g) engage in all other activities not prohibited by the franchise agreement. Vital Restoration is not required to pay you if we exercise any of the rights specified above inside or outside your territory.

Area Development Agreement

Under the Area Development Agreement, we will grant you certain rights (described below) within a designated geographic area (the "Development Area") to be described in Exhibit 1 attached to the Area Development Agreement. The boundaries of the Development Area will be described by counties, states or other boundaries when appropriate, or by an area encompassed within a circle having a radius of a specific length. We will determine in our discretion the Development Area we will offer to you before you sign the Area Development Agreement. We determine the size of the Development Area based on multiple factors, including demographics, traffic patterns, competition, your capacity to fund, recruit and provide services in the Development Area, and site availability among other economic and market factors. The Development Area is your exclusive territory only with respect to other Vital Restoration Businesses. The Area Development Agreement expires on the required opening date specified on the development schedule for the last Vital Restoration Business you are required to develop under the Area Development Agreement. When the Area Development Agreement expires or is terminated, the grant of development rights, including the area protection conferred by the Area Development Agreement, terminates. Your right to use the System will be limited to those Vital Restoration Businesses operating under franchise agreements you (or an approved affiliate) may have entered into before the expiration or termination of the Area Development Agreement.

So long as you are in compliance with the Area Development Agreement and all your franchise agreements, we will not establish or license others to establish Vital Restoration Business within your Development Area during the term of the Area Development Agreement. Your failure to comply with the development schedule will be a material breach of the Area Development Agreement, which may result in (a) our reducing the size of your Development Area or (b) our terminating the Area Development Agreement.

We reserve all other rights for ourselves and our affiliates, including (by way of example and not as a limitation): (a) the right to develop and operate or grant others the right to develop and operate Vital Restoration Businesses located outside the Development Area on terms and conditions we deem appropriate, (b) the right to develop and operate or grant others the right to develop and operate restoration businesses that may offer products and services which are identical to products and services offered by Vital Restoration Businesses, under trade names, trademarks, service marks and commercial symbols which are different from the Marks; (c) the right to produce and sell products using the Marks or other commercial symbols through other channels of distribution (including the Internet) that sell products and/or services that are identical or similar to, and/or competitive with, those of your Vital Restoration Business, regardless of the nature or location of the customers; (d) be acquired by a business providing products and services similar to those provided at your Vital Restoration Business, or by another business, even if such business operates franchises or other competitive businesses in the Development Area; (e) the right to operate other retail outlets or enter into other lines of businesses offering dissimilar products or services under trademarks or service marks other than the Marks; and (f) engage in all other activities not prohibited by the Area Development Agreement. We are not required to pay you if we exercise any of the rights specified above inside or outside your Development Area.

Your rights under the Area Development Agreement are contingent upon you meeting a specified development schedule. Except as otherwise provided, continuation of rights to your Development Area is not dependent on achievement of any specific sales volume, market penetration or other contingency.

ITEM 13. TRADEMARKS

You receive the right to operate your business under the name Vital Restoration, which is the primary Mark used to identify our System. You may also use any other current or future Marks to operate your franchised Restoration Business that we designate, including the logo on the front of this Disclosure Document and the service marks listed below. By "Mark," we mean any trade name, trademark, service mark or logo used to identify your business. We have obtained a registration for the following Mark on the U.S. Patent and Trademark Office ("USPTO") Principal Register:

Mark	Registration Number	Registration Date
	4793100	August 18, 2015

We intend to file all required affidavits to maintain this registration. Your right to use the Marks is derived solely from the franchise agreement and is limited to your conduct of business in compliance with the franchise agreement and all applicable specifications, standards and operating procedures we prescribe during the term of the franchise. Any unauthorized use of the Marks by you will constitute an infringement of our rights in and to the Marks. Your usage of the Marks and any goodwill established by such Marks will be for our exclusive benefit, and the franchise agreement does not confer any goodwill or other interest in the Marks upon you. Any goodwill associated with the Marks automatically transfers to us, without the requirement of any act and without any further compensation, upon termination or expiration of the franchise agreement. Our provisions of this agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by and licensed to you under the franchise agreement.

We know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of the State of California or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

Other than the above, there are no agreements currently in effect that will significantly limit our rights in the future to use or license the use of the Marks in any manner material to your franchise.

We know of no infringing or prior superior uses that could materially affect the future use of the Marks in the State of California or any other state in which the franchised Restoration Business is to be located.

You do not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your franchised Restoration Business. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the franchised Restoration Business. You cannot use a Mark as part of a corporate, partnership or limited liability company name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person (other than us and our owners and affiliates) of any rights in any Marks, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so. However, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. If we elect to defend you in such a proceeding, we will not reimburse you for your expenses and legal fees for separate, independent legal counsel. In any event, we will not reimburse you for expenses incurred in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we so require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your franchised Restoration Business for the new or modified Marks. You do not have to spend more than $15,000 during the initial term of the Franchise Agreement to conform your franchised Restoration Business to changes to the Marks and other System modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not use or register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using, any domain name containing the words "Vital Restoration" or any variation of "Vital Restoration" without our prior written consent.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We own copyrights in the Confidential Operations Manual, our website, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the franchised Restoration Business and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Vital Restoration Business. We will provide our trade secrets and other confidential information to you during training, in the Confidential Operations Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your franchised Restoration Business. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the franchised Restoration Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families or households), officers, directors, partners, and members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff, may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement and Area Development Agreement. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques or materials concerning the franchised Restoration Business and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any such concept or development if requested.

Your use of the Confidential Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in ITEM 17.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED RESTORATION BUSINESS

The franchised Restoration Business must always be under the direct, full-time, day-to-day supervision of a designated manager. If you are an individual, we may require you to be the designated manager of the franchise. If we require you to be the designated manager, you must obtain our consent to select another individual to replace you as the designated manager. If you are a corporation or other business entity, you will select a designated manager for the franchise and we may require that the individual you select is an owner of at least 15% of the equity of the business entity. The designated manager must satisfactorily complete our initial training program before opening the franchised Restoration Business. You must keep us informed at all times of the identity of your designated manager. If you must replace the designated manager, the replacement must satisfactorily complete our initial training program. You are not a passive investor, and, instead, you must be actively engaged in the operations of the franchise, and you should not expect to derive profits solely from the efforts of others.

As described in ITEM 14, certain individuals associated with your franchised Restoration Business, including your owners (and members of their immediate families or households), officers, directors, partners, managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement and Area Development Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation or other business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement, and agree to be personally liable for your breach of the Franchise Agreement, by signing the Unlimited Guaranty and Assumption of Obligations attached to the Franchise Agreement.

Under the Franchise Agreement, you and your owners must at all times faithfully, honestly and diligently perform your and their obligations under the Franchise Agreement. You and they must continuously exert your and their best efforts to promote and enhance your Vital Restoration Business. Neither you nor your owners can engage in any other business or activity that may conflict with your or their obligations under the Franchise Agreement or Area

Development Agreement.

Under the Area Development Agreement, your Managing Owner must devote an amount of his or her business time and efforts to the operation, promotion and enhancement of the area development business as reasonable, and you authorize us to rely on any decision made by your Managing Owner. You or your Managing Owner must supervise the development and operations of Vital Restoration Businesses franchised under the Area Development Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the products and services we specify. You may not sell any products or services that we have not authorized, and you must discontinue offering any products or services that we may disapprove. We may take action, including terminating your franchise, if you purchase or sell unapproved products or make purchases from unapproved suppliers. We may periodically change required or authorized products or services. There are no limits on our right to do so, except that your investment required to change authorized or required services and products will not be unreasonably disproportionate to your initial investment during the initial term of the franchise.

Periodically, we may allow certain products or services that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences.

You may not provide goods or services to a customer who resides outside of your area of primary responsibility without obtaining our prior approval. (See ITEM 12) Otherwise, we do not place restrictions on you with respect to who may be a customer of your franchised Restoration Business.

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 agreement attached to this Disclosure Document. You should refer to your state's specific addendum attached to this Disclosure Document for exceptions to this ITEM 17.

Provision	Section in Franchise or Other Agreement	Summary
a. Length of franchise term/Area Development term	Section 4.1 Section 1 of the Area Development Agreement	The initial term is 5 years. The term of the Area Development Agreement ends on the scheduled opening date of the last Vital Restoration Business as specified in the development schedule.
b. Renewal or extension of the term	Section 4.2 Section N/A for Area Development Agreement	You may renew for 4 successive terms of 5 years each. If you fail to meet any one of the conditions in (c) below, we may refuse to renew or extend the term of your Franchise Agreement. The Area Development Agreement is not renewable.

Provision	Section in Franchise or Other Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 4.2 Section N/A for Area Development Agreement	You may renew the Franchise Agreement if you: have fully complied with the provisions of the Franchise Agreement; have paid the renewal fee; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us and our Affiliates; are not in default of any provision of the Franchise Agreement or any other agreement with us or our Affiliates; have given timely written notice of your intent to renew; sign a then-current Franchise Agreement, which may have materially different terms and conditions than your original Franchise Agreement; comply with then-current training requirements; and sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement. The Area Development Agreement is not renewable.
d. Termination by franchisee	Section 16.1 Section N/A for Area Development Agreement	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and fail to begin to cure our breach within 30 days of receiving your written notice. The Area Development Agreement does not grant you the right to terminate.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 16.2 Section 7 of Area Development Agreement	We may terminate the Franchise Agreement and Area Development Agreement only if you default. If we terminate the Franchise Agreement or Area Development Agreement following a default, your interest in the franchise or area development agreement will terminate.
g. "Cause" defined-curable defaults	Section 16.2 Section 7 of Area Development Agreement	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Confidential Operations Manual, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of default, except for the defaults below that require cure in a shorter time and non-curable defaults in (h) below. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of receiving our notice of default. If we terminate

Provision	Section in Franchise or Other Agreement	Summary
		the Franchise Agreement following a default, your interest in the franchise will terminate. Under the Area Development Agreement, you have 5 days to cure monetary defaults, and 7 days to cure any failure to observe, perform or comply with any other of the terms and conditions of the Area Development Agreement.
h. "Cause" defined- non-curable defaults (Franchise Agreement)	Section 16.2	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely establish, equip and begin operations of the franchised Restoration Business; fail to have your designated manager satisfactorily complete training; fail to maintain all required professional licenses, permits, and certifications; made a material misrepresentation or omission in the application for the franchise; after notice of the breach, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of you, us or the franchised Restoration Business; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of you, us or the franchised Restoration Business; use the Confidential Operations Manual, trade secrets or other confidential information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families or households), officers, directors, managers, executives, employees and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements; abandon the franchised Restoration Business for 5 or more consecutive days; surrender or transfer control of the franchised Restoration Business in an unauthorized manner; fail to maintain the franchised Restoration Business under the supervision of a designated manager following your death or disability; submit reports on 2 or more separate occasions understating any amounts due by more than 3%; become a debtor under the United States Bankruptcy Code, become insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due us or any affiliate or otherwise fail to comply with this agreement, whether or not such failures to comply are corrected after notice thereof is given to you; violate, on 2 or more occasions, any health, safety or other laws or operate the franchised Restoration Business in a manner creating a health or safety hazard to customers, employees or the public; take any action

Provision	Section in Franchise or Other Agreement	Summary
		reserved to us; fail to comply with applicable law after notice; repeatedly breach the franchise agreement or repeatedly fail to comply with specifications; or default under any other agreement with us (or an affiliate) so that we have (or the affiliate has) the right to terminate the agreement.
h. "Cause" defined- non-curable defaults (Area Development Agreement)	Section 7 of Area Development Agreement	Under the Area Development Agreement, you cease or threaten to cease to carry on the business; liquidation of your assets; failure to pay any debts or other amounts incurred by you in operating the business when such debts or amounts are due and payable; failure to comply with the development schedule; an assignment for the benefit of creditors; appointment of a trustee or receiver; failure to comply with other agreements with us or our affiliates and you do not correct such failure within the applicable cure period, if any; failure to furnish reports, financial statements, tax returns or any other documentation required; in the event you are an entity, liquidation or dissolution or amalgamation; or if you lose your charter by expiration, forfeiture or otherwise; material misrepresentations or omissions; conviction of a felony; dishonest or unethical conduct; failure to obtain or maintain insurance coverage and/or failure to provide proof of coverage as required; unapproved transfers of the Area Development Agreement or an ownership interest in you; and termination of a franchise agreement or any other agreement between you and us or our affiliate.
i. Franchisee's obligations on termination/non-renewal	Section 17.1 Sections 7.2 & 7.3 of the Area Development Agreement	If the Franchise Agreement is terminated or not renewed, you must: stop operating the franchised Restoration Business; stop using any trade secrets, confidential information, the System and the Marks; if requested, assign your interest in the franchise location to us; cancel or assign to us any assumed names; pay all sums owed to us including any damages and costs incurred in enforcing the Franchise Agreement; return the Confidential Operations Manual, trade secrets and all other confidential information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement. Under the Area Development Agreement, you must cease using the Marks and System; return all forms, documents and information; completely de-identify the business; cancel all fictitious or assumed names; comply with non-competition covenant (see r.); and return the Operations Manuals and software and other proprietary materials; comply with confidentiality requirements.

Provision	Section in Franchise or Other Agreement	Summary
j. Assignment of contract by franchisor	Section 18.1 Section 10.9 of Area Development Agreement	There are no restrictions on our right to assign our interest in the Franchise Agreement or Area Development Agreement.
k. "Transfer" by franchisee-definition	Section 18.2 Section 6 of Area Development Agreement	"Transfer" includes transfer of an interest in the franchisee or area developer, the franchise, the Franchise Agreement or Area Development Agreement, the franchise location or area development territory or the franchised Restoration Business's assets.
l. Franchisor's approval of transfer by franchisee	Section 18.2 Section 6 of Area Development Agreement	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.
m. Conditions for franchisor approval of transfer	Section 18.2 Section 6 of Area Development Agreement	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you pay, or the transferee pays a transfer fee of $10,000; the transferee has, or the owners of transferee have, agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; the transferee has agreed that its designated manager will complete the initial training program before assuming management of the franchised Restoration Business; and the transferee has obtained all necessary types of insurance. The new owner must be of good moral character and meet Vital Restoration's then current standards for franchisees, have sufficient business experience, aptitude and financial resources to operate your Vital Restoration business, not own (or its affiliates may not own) an

Provision	Section in Franchise or Other Agreement	Summary
		interest in or perform businesses for a competitive business. Under the Area Development Agreement, new owner must meet qualifications; satisfactorily complete training and pay required fee; have no financial or other interest in Competitive Business (defined below); enter into all then-current forms of agreement required by us; you must have fulfilled all your financial obligations; must execute general release; and pay our expenses.
n. Franchisor's right of first refusal to acquire franchisee's franchised Restoration Business	Section 19 Section 6.2 of Area Development Agreement	We may match an offer for your franchised Restoration Business or an ownership interest you propose, or one of your owners proposes, to sell.
o. Franchisor's option to purchase franchisee's franchised Restoration Business	Section 17.4 Section 6.2 of Area Development Agreement	Except as described in (n) above, we do not have the right to purchase your franchised Restoration Business; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the franchised Restoration Business for book value.
p. Death or disability of franchisee	Section 18.6 Section 6.3 of Area Development Agreement	After your death or incapacity or the death or incapacity of one of your owners, your, his or her representative, as the case may be, must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchise within 180 days of the death or incapacity or we may terminate the Franchise Agreement. After your death or incapacity or the death or incapacity of one of your owners, his or her executor, administrator or other personal representative must transfer interest of area developer or Managing Owner under Area Development Agreement within 180 days. All transfers are subject to provisions in Area Development Agreement regulating transfers.
q. Non-competition covenants during the term of the franchise	Section 7.3 of Franchise Agreement Section 7.3 of Area Development Agreement	You, your owners (and members of their families or households) and your officers, directors, executives, managers, professional staff and employees are prohibited from: attempting to divert any business or customer of the franchised Restoration Business to a competitive business or causing injury or prejudice to the Marks or the System; or owning or working for a competitive business.

Provision	Section in Franchise or Other Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 17.2 Section 7.3 of Area Development Agreement	For 2 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families or households) and your officers, directors, executives, managers or professional staff are prohibited from: owning or working for a competitive business operating within 25 miles of the franchise location or within the area of primary responsibility (whichever is greater), or within 25 miles of any other Vital Restoration Business; or soliciting or influencing any of our customers, employees or business associates to compete with us or terminate their relationship with us. You and your owners (and members of their families or households) and your officers, directors, executives, managers or professional staff are prohibited from having a direct or indirect interest in a Competitive Business, including as a beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, within the Development Area for 3 years after the date of expiration or termination of the Area Development Agreement (or the date on which all persons begin to comply with this covenant).
s. Modification of the agreement	Sections 9.2, 22.7 and 22.8 Section 10.12 of Area Development Agreement	The Franchise Agreement and Area Development Agreement can be modified only by written agreement between you and us. We may modify the Confidential Operations Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/merger clause	Section 22.7 Section 10.12 of Area Development Agreement	Only the terms of the Franchise Agreement and Area Development Agreement are binding (subject to applicable law). Any representations or promises outside of the Disclosure Document and Franchise Agreement or Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 23.7 Section 9 of Area Development Agreement	Except for claims relating to the Marks, confidential information, trade secrets and covenants not to compete, and subject to state law, all disputes must be arbitrated in San Mateo County, California.

Provision	Section in Franchise or Other Agreement	Summary
v. Choice of forum	Section 23.2 Section 9 of Area Development Agreement	Subject to state law, any litigation must be pursued in courts located in San Mateo County, California.
w. Choice of law	Section 23.1 Section 10.6 of Area Development Agreement	Subject to state law, the law of the state where the Franchised Unit or Area Development Territory is located applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.), and disputes over copyrights will be governed by federal copyright laws of the United States.

ITEM 18. PUBLIC FIGURES

We do not presently use any public figures to promote our franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

Except as disclosed in this Item 19, Vital Restoration does not make any representations about a franchisee's future financial performance or the financial performance of company-owned or franchised outlets. We also do not authorize Vital Restoration's 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 to Sal Vitalie, 6 South Linden Avenue, Suite 9, South San Francisco, California 94080, (650) 333-4008, and to the Federal Trade Commission, 600 Pennsylvania Avenue, NY, Washington, DC 20580 (1-8787-FTC-HELP) and to the appropriate state regulatory agency. See Exhibit A to this Disclosure Document for the names and contact information for state administrators.

Below please find the fiscal year 2017 actual gross sales, reported on an annual basis, for the franchise locations in existence during all of fiscal year 2017. The numbers reported for the franchise location are based on information provided by the franchisee, and the franchisor has not independently verified their accuracy.

There is no guarantee that you, as a new franchisee, will attain the same level of sales that have been attained by Vital Restoration or its existing franchisee. Your results will likely differ. Differences in location and/or geographic region of your franchise location may result in significantly different costs. Differences and/or changes in laws can also cause costs to change. You may also incur costs or expenses not incurred by the company location and/or the franchise location. You should make an independent investigation of your own costs.

The financial performance representations 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. The financial performance representations do not include royalty fees and other franchise related expenses.You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

	SO SAN FRAN	SAN JOSE	SPRINGFIELD	STOCKTON, FAIRFILED, PH (ALL)*	TOTALS
2016	$1,182,714	$122,993	$349,765	$1,562,803	$3,218,275
2017	$2,602,121	$254,263	$399,286	$1,756,558	$5,012,228

*Stockton, Fairfield, & Pleasant Hill territories are owned by one franchisee, and the reporting by the franchisee for the sales of these locations is aggregated. No separate reporting is available.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary for Years 2015 - 2017				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	1	1	0
	2016	1	6	5
	2017	6	0	0
Company-Owned	2015	1	1	0
	2016	1	0	-1
	2017	0	0	0
Total Outlets	2015	2	6	0
	2016	6	6	0
	2017	6	6	0

* This chart includes both franchised and company-owned Vital Restoration Business through fiscal year 2017. As of the date of this Disclosure Document, our affiliate location was sold to a franchisee.

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2015 - 2017		
State	Year	Number of Transfers
California	2015	0
	2016	1
	2017	1

Illinois	2015	0
	2016	0
	2017	0
Total*	2015	0
	2016	0
	2017	1

Table No. 3

STATUS OF FRANCHISE OUTLETS FOR YEARS 2015 - 2017								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	2015	0	0	0	0	0	0	0
	2016	0	5	0	0	0	0	5
	2017	5	0	0	0	0	0	5
Illinois	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Total*	2015	1	0	0	0	0	0	1
	2016	5	5	0	0	0	0	6
	2017	6	0	0	0	0	0	6

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2015 - 2017							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2015	1	0	0	0	0	1
	2016	1	0	0	0	1	0
	2017	0	0	0	0	0	0
Total*	2015	1	0	0	0	0	1
	2016	1	0	0	0	1	0
	2017	0	0	0	0	0	0

Table No. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2018			
State	**Franchise Agreements Signed But Outlets Not Yet Opened**	**Projected New Franchised Outlets In The Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
California	0	2	0
Total*	0	2	0

* We project the opening of 2 Vital Restoration Businesses during our fiscal year ending December 31, 2018.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with Vital Restoration. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. No franchisees in the last three years have signed any provisions restricting their ability to speak about their experience with Vital Restoration.

Currently, we have no trademark-specific franchisee organizations associated with the franchise System being offered.

Current Franchisees and franchisees who, as of the date of this Disclosure Document, have had an outlet terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the Disclosure Document issuance date are listed on Exhibit G to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise System.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit F are our audited financial statements for the years ending December 31, 2015, December 31, 2016, and December 31, 2017. The audited annual statements are audited by independent certified public accountants licensed in the state of California using U.S. generally accepted auditing standards and presented in accordance with the U.S. generally accounting principles.. These statements have been reviewed by our CPA. THESE AUDITED FINANCIAL STATEMENTS ARE PREPARED WITH AN AUDIT.

Our fiscal year end is December 31.

ITEM 22. CONTRACTS

The Vital Restoration Franchise Agreement (with exhibits) is attached to this Disclosure Document as Exhibit C.

The Vital Restoration General Release is attached to the Franchise Agreement as Exhibit 1.

The Vital Restoration Nondisclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit 2.

The Vital Restoration Unlimited Guaranty and Assumption of Obligations is attached to the Franchise Agreement as Exhibit 3.

Contract addenda required by certain states are attached to the Franchise Agreement as Exhibit 5.

The Vital Restoration Social Media/Online Advertising Agreement is attached to the Franchise Agreement as Exhibit 7.

The Vital Restoration Pre-Opening Certification is attached to the Franchise Agreement as Exhibit 8.

The Vital Restoration ACH Authorization Agreement is attached to the Franchise Agreement as Exhibit 9.

The Vital Restoration Area Development Agreement is attached to this Disclosure Document as Exhibit D.

We provide no other contracts or agreements for your signature.

ITEM 23. RECEIPTS

Our copy and your copy of the Disclosure Document Receipts are located on the last 2 pages of this Disclosure Document as Exhibit K.

[The remainder of this page is intentionally left blank.]

EXHIBIT A TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS

The following is a list of state administrators responsible for registration and review of franchises for these states. We may register in one or more of these states.

California
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, California 94104

Department of Business Oversight
320 W. 4th Street, Suite 750
Los Angeles, California 90013

Department of Business Oversight
1515 K. Street, Suite 200
Sacramento, California 95814
(866) 275-2677 Toll Free

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, Florida 32399-6500

Hawaii
Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Maine
Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, Maine 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan
Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, 6th Floor
Lansing, Michigan 48909

Minnesota
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, Nebraska 68509

New York
Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

North Carolina
Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, North Carolina 27603-5909

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Department 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

EXHIBIT A TO THE DISCLOSURE DOCUMENT (continued)

Rhode Island
Division of Business Regulation
John O. Pastore Complex
1511 Pontiac Avenue
Building 69, 1st Floor
Cranston, Rhode Island 02920

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, South Carolina 29201

South Dakota
Department of Revenue and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, Texas 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East 300 South
P.O. Box 146704
Salt Lake City, Utah 84111-6704

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219

Washington
Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, Washington 98501

Wisconsin
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703

EXHIBIT B TO THE DISCLOSURE DOCUMENT
LIST OF STATE AGENTS FOR SERVICE OF PROCESS

We have designated Sal Vitalie, 6 South Linden Avenue, Suite 9, South San Francisco, CA, 94080, as our agent for service of process. In addition, the following state agencies are designated as our agent for service of process in accordance with the applicable state laws. We may register in one or more of these states.

<u>California</u>
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, California 94104

Department of Business Oversight
320 W. 4th Street, Suite 750
Los Angeles, California 90013

Department of Business Oversight
1515 K St., Suite 200
Sacramento, California 95814
(866) 275-2677

<u>Connecticut</u>
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103

<u>Hawaii</u>
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

<u>Illinois</u>
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

<u>Indiana</u>
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

<u>Maryland</u>
Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

<u>Michigan</u>
Michigan Department of Commerce
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

<u>Minnesota</u>
Minnesota Department of Commerce
Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

<u>New York</u>
Secretary of the State of New York
41 State Street
Albany, New York 12231

<u>North Dakota</u>
North Dakota Securities Commissioner
State Capitol – 5th Floor
600 East Boulevard
Bismarck, North Dakota 58505-0510

<u>Rhode Island</u>
Director Division of Business Regulation
John O. Pastore Complex
1511 Pontiac Avenue
Building 69, 1st Floor
Cranston, Rhode Island 02920

<u>South Dakota</u>
Department of Revenue and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

<u>Virginia</u>
Clerk, State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, Virginia 23219

<u>Washington</u>
Director, Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, Washington 98501

<u>Wisconsin</u>
Commissioner of Securities
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703

VITAL RESTORATION FRANCHISING, INC.

FRANCHISE AGREEMENT

EXHIBIT C TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

<u>EXHIBITS</u>

VITAL RESTORATION FRANCHISING, INC.
FRANCHISE AGREEMENT

This Franchise Agreement made this _____ day of ___________, 20____, is by and between Vital Restoration Franchising, Inc., a California corporation, having its principal place of business at 6 South Linden Avenue, Suite 9, South San Francisco, California 94080 ("Franchisor"), and ____ ____________________________________, partnership/corporation/limited liability company established in the State of ___________________________, or an individual, and whose principal address is ___________________________ ____ ("Franchisee").

W I T N E S S E T H :

WHEREAS, Franchisor and its Affiliate* have developed, and are in the process of further developing, a System identified by the trade name "Vital Restoration" and relating to the establishment and operation of a business providing residential and commercial water, fire, smoke and mold restoration services and related services, such as cleaning and drying services and repair of structural damage, referred to as "Vital Restoration Businesses;" and

WHEREAS, in addition to the trade name "Vital Restoration" and certain other related service marks, trademarks or logos ("Marks"), the distinguishing characteristics of the System include: uniform standards and procedures for efficient business operations; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; other strategies, techniques and Trade Secrets and other Confidential Information; and the Confidential Operations Manual; and

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate a Vital Restoration Business using the System and the Marks; and

WHEREAS, Franchisee desires to operate a Vital Restoration Business, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating the Franchised Restoration Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any business entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "Vital Restoration Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

*Capitalized terms not otherwise defined are defined in Section 1.

"Approved Location" means the site for the operation of the Franchised Restoration Business selected by Franchisee and approved in writing by Franchisor;

"Approved Supplier(s)" has the meaning given to such term in Section 13.1;

"Area of Primary Responsibility" has the meaning given to such term in Section 2.4;

"Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) restoration businesses the same as or similar to those provided by Vital Restoration, its affiliates, and its franchisees, or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"Confidential Information" means technical and non-technical information used in or related to Vital Restoration Businesses and not commonly known by or available to the public, including, without limitation, Operations Manuals, Training Programs, POS System, job tracking software, Customer Lists, Procedures of Operations, Vendors and Suppliers, methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of Restoration Businesses Trade Secrets and any other information identified or labeled as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee demonstrates was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) Franchisee demonstrates is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

"Confidential Operations Manual" means the Vital Restoration Confidential Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Cooperative Advertising" means the combined advertising program of two (2) or more franchisees established within a common market that Franchisor may require for Vital Restoration Businesses within a particular region;

"Designated Manager" means the individual designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Restoration Business. If Franchisee is a legal business entity, (such as a corporation, limited liability company or partnership), Franchisor may, in its sole discretion, require that the Designated Manager hold a legal and equitable interest, or a beneficial interest of at least fifteen percent (15%) in Franchisee, and if Franchisee is an individual and not a business entity, Franchisor may, in its sole discretion, require that the Designated Manager is Franchisee;

"Effective Date" means the date on which Franchisor and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term;

"Electronic Depository Transfer Account" means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"Franchise Fee" has the meaning given to such term in Section 3.1;

"Franchised Restoration Business" means the Vital Restoration Business to be established and operated by Franchisee pursuant to this Agreement;

"Franchisee" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"Franchisor" means Vital Restoration Franchising, Inc.;

"Franchisor Indemnitees" has the meaning given to such term in Section 21.3;

"GAAP" means the generally accepted accounting principles, standards, conventions and rules accountants follow in recording and summarizing transactions and in the preparation of financial statements;

"Grand Opening Advertising" has the meaning given to such term in Section 11.1;

"Gross Sales" means the aggregate of all revenue from the sale of products and services, including the sale of gift cards, from all sources in connection with the Franchised Restoration Business, whether for check, cash, credit or otherwise, including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) the value of any allowance issued or granted to any customer of the Franchised Restoration Business that is credited by Franchisee in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Restoration Business, and any rebate received by Franchisee from a manufacturer or supplier;

"Gross Sales Reports" has the meaning given to such term in Section 12.2;

"Incapacity" means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the Franchised Restoration Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web;

"Local Advertising" has the meaning given to such term in Section 11.2;

"Marketing Fund" has the meaning given to such term in Section 11.3;

"Marketing Fund Contribution" has the meaning given to such term in Section 11.3;

"Marks" means the service mark and trademark "Vital Restoration" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with Vital Restoration Business;

“Royalty Fee” has the meaning given to such term in Section 3.2;

“System” means the uniform standards, methods, procedures and specifications developed by Franchisor, and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of Vital Restoration Business; and

“Trade Secrets” means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Vital Restoration Businesses that is not commonly known by or available to the public and that: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) Vital Restoration Business using the System and Marks.

2.2 Location of Franchised Business Office

2.2.1 The street address (or detailed description of the premises) of the location for the Franchised Business Office is:

____

____

____.

2.2.2 The Franchised Business Office may be located within either Franchisee’s or its Designated Manager’s principal residence or at a location approved by Franchisor.

2.2.3 The service tools and equipment for the Franchised Business shall be stored:

____ on-site (same site as Franchised Business Office)

____ off-site storage unit

2.3 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee’s rights or obligations licensed hereunder.

2.4 Area of Primary Responsibility

Franchisee shall receive a territory called the “Area of Primary Responsibility” to be mutually agreed upon by Franchisor and Franchisee and depicted in the map in Section 2.5 below. Franchisee will operate the Franchised

Restoration Business within the designated Area of Primary Responsibility and shall limit all direct marketing, advertising and business activities within such area, as stated in Section 2.7. As long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, Franchisor shall not limit or alter the boundaries of Franchisee's Area of Primary Responsibility. Franchisee's rights in the Area of Primary Responsibility are subject to Franchisor's rights articulated in Section 2.6.

2.5 Map and Description of Area of Primary Responsibility

2.5.1 The Area of Primary Responsibility shall be defined by and exist within the following zip codes or other physical, political or natural boundaries:

____

____

____

____.

2.5.2 The map of the Area of Primary Responsibility is:

2.6 Franchisor's Rights

Franchisee acknowledges that, except to the extent provided in Section 2.4 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.6.1 establish, own or operate, and license others to establish, own or operate, Vital Restoration Business outside of the Area of Primary Responsibility as Franchisor deems appropriate;

2.6.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Area of Primary Responsibility;

2.6.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Restoration Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Area of Primary Responsibility. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Area of Primary Responsibility which are not franchised or licensed, Franchisor may, in its sole discretion:

2.6.3.1 offer to sell any such businesses to Franchisee or to any third party to be operated as a Vital Restoration Business; or

2.6.3.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.6.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Area of Primary Responsibility;

2.6.5 provide the services and sell the products authorized for Vital Restoration Business using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate; and

2.6.6 engage in any activities not expressly forbidden by this Agreement.

2.7 Marketing and Solicitation Restrictions

Franchisee shall not directly market to or solicit customers whose principal residence (or principal business office, if the customer is a business entity) is within the area of primary responsibility of another franchisee. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the area of primary responsibility of another franchisee. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other Vital Restoration Businesses, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of Thirty-Five Thousand Dollars ($35,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.2 Monthly Royalty Fee

On the fifth (5^{th}) day of each month for so long as this Agreement shall be in effect, Franchisee shall pay to Franchisor, without offset, credit or deduction of any nature, a weekly fee ("Royalty Fee") equal to six percent (6%) of Gross Sales for the previously ending month. Each monthly Royalty Fee shall accompany a Gross Sales Report, as required by Section 12.2, for the same period. If Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.4, such reports shall be submitted to Franchisor via facsimile transmission, e-mail or intranet system.

3.3 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, use taxes, withholding taxes, and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder or on goods or services furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, whether such goods or services are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Restoration Business is located.

3.4 Electronic Transfer

Franchisor may require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic Depository Transfer Account, and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent. As of the date of this Agreement, all franchisees are required to execute the ACH Authorization agreement attached hereto as Exhibit 9.

3.5 Late Fees

All Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts that are not received by Franchisor within five (5) days after the due date shall incur late fees at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by the law of the state where Franchisee is located) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

3.6 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor in any proportion or priority. Franchisee agrees to pay all Franchise Payments promptly when due. Payments must be made in the manner specified by Vital Restoration from time to time, which may include, without limitation, advance ACH authorization. As of the date of this Agreement, all franchisees are required to execute the ACH Authorization agreement attached hereto as Exhibit 9.

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of five (5) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Successor Terms

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor. Franchisee's right to a successor franchise is limited to four (4) successive terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty-five (25) years. To qualify for a successor franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, fully complied with all material provisions of this Agreement;

4.2.2 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Restoration Business reflects Franchisor's then-current standards and specifications;

4.2.3 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate) and has timely met these obligations throughout the term of this Agreement;

4.2.4 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.5 Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement;

4.2.6 Franchisee has executed Franchisor's then-current form of franchise agreement (or, at Franchisor's election, has executed other documents that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.7 Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any then-current training and certification/licensing requirements; and

4.2.8 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, of any and all claims against Franchisor, any Affiliate or their respective officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Restoration Business is located.

5. APPROVED LOCATION

5.1 Lease of Approved Location

If Franchisee elects to have its office in a location other than Franchisee's or its Designated Manager's residence or if the home office does not have on-site storage space for tools and equipment, Franchisee shall execute a lease for, or a binding agreement to purchase, an approved location, the terms of which must have been previously approved by Franchisor in writing. Franchisor shall not unreasonably withhold its approval. ***Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review of any such lease.*** Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to maintain title to the lease of the Approved Location, as the case may be, while this Agreement is in effect. Any default that may cause Franchisee to lose its title to the Approved Location, or for which the lease may be terminated, as the case may be, shall also be deemed a default hereunder and the time to cure the same shall expire when such title is lost, or the lease is terminated, as the case may be. Franchisor has the right to require that the lease for the Approved Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard collateral assignment of lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to Franchisor, and, at Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including:

5.1.1 a provision reserving to Franchisor the right, but not the obligation, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant; provided, however, that the lessor shall agree that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

5.1.2 a provision requiring the lessor to provide Franchisor with a copy of any written notice of default or deficiency sent by the lessor to Franchisee, and granting to Franchisor the right (but not the obligation) to cure any default or deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default or deficiency;

5.1.3 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.1.4 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or crime;

5.1.5 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Confidential Operations Manual, subject only to the provisions of applicable law;

5.1.6 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Restoration Business;

5.1.7 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease or the Franchise Agreement, to enter the premises and remove any interior and exterior signs containing the Marks and (if Franchisor has purchased Franchisee's trade fixtures in accordance with Section 17.4 or otherwise) trade fixtures;

5.1.8 a provision stating that upon default by Franchisee under this Agreement, Franchisor or its nominee has the right, but not the obligation, to be substituted for Franchisee as the tenant identified in the lease and take possession of the Approved Location and operate the Franchised Restoration Business; and

5.1.9 a provision stating that lessor and Franchisee shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.2 Development of Franchised Business Office and Storage

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the Franchised Business Office and Storage, service vehicle, service tools and equipment and other equipment and supplies necessary for the establishment and development of a Vital Restoration Business. As set forth in Section 5.1, Franchisee may operate the Franchised Business Office from within Franchisee's or its Designated Manager's principal residence. As set forth in Section 5.2, Franchisee may store the service tools and equipment on- site or within a leased off-site storage unit. Franchisee shall cause the Franchised Business Office and Storage to be developed, equipped and improved in accordance with Franchisor's specifications within ninety (90) days after the Effective Date. In connection with the development of the Franchised Business Office and Storage, Franchisee shall:

5.2.1 obtain all permits and licenses required for operation of the Franchised Business and certify in writing that all such permits and certifications have been obtained;

5.2.2 make any necessary renovations or improvements for the Franchised Business Office and Storage;

5.2.3 purchase and install all office equipment and supplies, furniture and fixtures, including any software and computer equipment, required for the operation of the Franchised Business;

5.2.4 establish broadband or high-speed Internet access and obtain at least one (1) telephone number and one (1) facsimile number solely dedicated to the Franchised Business;

5.2.5 purchase or lease a vehicle meeting Franchisor's specifications and cause the vehicle to be wrapped in signage and lettering;

5.2.6 if necessary, lease an off-site storage unit, in accordance with Section 5.2; and

5.2.7 purchase and install the service tools and equipment required for the operation of the Franchised Business.

5.3 Failure to Develop Business Office and Storage

Should Franchisee fail to develop the Franchised Business Office and Storage for a Vital Restoration Business within ninety (90) days after the Effective Date, Franchisor has the right to terminate this Agreement. The franchise fee is non-refundable.

5.4 Opening

5.4.1 Before opening the Franchised Restoration Business and commencing business, Franchisee must:

5.4.1.1 fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5;

5.4.1.2 furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.4.1.3 complete initial training to the satisfaction of Franchisor;

5.4.1.4 possess all required state, county, city and local professional licenses and certifications, including but not limited to, certification as a water restoration technician from the Institute of Inspection Cleaning and Restoration Certification;

5.4.1.5 obtain all necessary state, county, city and local permits and licenses, including any zoning permits needed to operate the Franchised Business Office from the principal residence of either Franchisee or the Designated Manager; if necessary;

5.4.1.6 hire and train the personnel necessary for the operation of the Franchised Restoration Business;

5.4.1.7 if Franchisee is a business entity, cause each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

5.4.1.8 obtain Franchisor's written permission and approval of an opening date; provided that Franchisor shall not unreasonably withhold consent to open (permission to open being based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate); and

5.4.1.9 pay in full all amounts due to Franchisor.

5.4.1.10 obtain counseling from advisors of Franchisee's choice regarding labor and employment laws applicable to the Franchised Restoration Business and complete the Pre-Opening Certification attached hereto as Exhibit 8.

5.4.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Restoration Business within two hundred forty (240) days after the Effective Date. Time is of the essence.

5.5 Failure to Open

Should Franchisee fail to commence operations of the Approved Location for the Franchised Restoration Business within two hundred forty (240) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.5, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, and work performed by Franchisor, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Restoration Business and shall not be construed as nor considered to be a penalty.

5.6 Relocation

Franchisee shall not relocate the Franchised Restoration Business without the prior written consent of Franchisor which consent shall not be unreasonably withheld. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in this Agreement. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee related to such relocation, including, but not limited to, legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance.

6. PROPRIETARY MARKS

6.1 Ownership

Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Any goodwill created by Franchisee's use of the Marks shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks, by virtue of any use it may make of the Marks or otherwise. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person or entity in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Restoration Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark. Franchisee shall include on its letterhead, forms, cards, E-mails and other such identification, and shall display at the Business Office and on

Franchisee's Business Cards, Letterhead, Contracts and Emails, a prominent notice stating that the Franchised Vital Restoration Business is an "Independently Owned and Operated Vital Restoration Franchise" of Franchisee.

6.3 <u>Notification of Infringements and Claims</u>

Franchisee shall immediately notify Franchisor of any infringement of the Marks, challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or other action or matter relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 <u>Indemnification for Use of Marks</u>

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has complied with the provisions of Section 6.3 and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 <u>Discontinuance of Use</u>

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 <u>Right to Inspect</u>

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Restoration Business, Franchisor and its designees have the right to enter and inspect the Franchised Restoration Business and the Business Office and Storage at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services, conducts activities and operations, and to inspect facilities, equipment, products, inventory, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Restoration Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other items to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Restoration

Business and to interview and survey (whether in person or by mail) customers and employees and to photograph or videotape the operations. Nothing herein shall give Franchisor any rights of control over the employees of Franchisee.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "Vital Restoration" or any variation thereof without Franchisor's written approval. This restriction applies to social media sites, including but not limited to, Facebook, MySpace, Twitter, Foursquare, etc. Franchisor is the sole owner of all right, title and interest in and to such domain names as Franchisor shall designate in the Confidential Operations Manual.

7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

7.1 Confidentiality of Trade Secrets and Other Confidential Information

Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Confidential Operations Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use them and in the development and operation of the Franchised Restoration Business and in performing its duties under this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute a breach of Franchisee's obligations under this Agreement and an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed electronically or in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees with respect thereto, and Franchisee hereby agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Vital Restoration franchisees if owners of Vital Restoration Businesses and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of his or her immediate family or household), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business or customer of the Franchised Restoration Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business, wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisee shall require each holder of a legal or beneficial interest in Franchisee (and each member of his or her immediate family or household), and each officer, director, executive, manager or member of the professional staff and all employees of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Before providing access to any of Franchisor's confidential information, and subsequently, upon Franchisor's request, Franchisee shall provide Franchisor copies of all non-disclosure and non-competition agreements signed pursuant to this section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including, for example, the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to the Designated Manager and up to one (1) assistant. Approximately ten (10) weeks prior to the opening of the Franchised Restoration Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction, an initial training program pertaining to the operation and administration of the Franchised Restoration Business, including, but not limited to, sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques; record keeping; and reporting procedures and other operational issues. Franchisor shall conduct the initial training program at its headquarters, at the Franchised Restoration Business, or at another designated location. Franchisor shall not charge tuition or similar fees for initial training, however, all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Except as otherwise expressly provided in this Section 8, Franchisee shall be responsible for training its management and other employees. Following the completion of Franchisor's initial training program, if Franchisee does not fee adequately trained in any area, Franchisee may request additional training, and Franchisor will provide additional training to Franchisee. If Franchisee does not request additional training within sixty (60) days of completion of the initial training program, it will be conclusively established that Franchisor has provided sufficient initial training.

8.2 <u>Opening Assistance</u>

In conjunction with the beginning of operation of the Franchised Restoration Business, Franchisor shall make available to Franchisee, at Franchisor's expense, one (1) of Franchisor's representatives, experienced in the System, for the purpose of familiarizing Franchisee's staff with the Vital Restoration techniques and for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Restoration Business. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Restoration Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

8.3 <u>Failure to Complete Initial Training Program</u>

If Franchisor determines that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute Designated Manager, and such substitute Designated Manager must complete the initial training to Franchisor's satisfaction. Franchisee will be required to pay Franchisor's then-current rates for additional training, if any, and reimburse Franchisor's costs for providing the substitute Designated Manager an initial training program.

8.4 <u>New Designated Manager</u>

After beginning operations, should Franchisee name a new Designated Manager, Franchisee must immediately notify Franchisor of the identity of the new Designated Manager, and the new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days of being named. The new Designated Manager may attend the initial training program without charge, provided that Franchisor has the right to require Franchisee to pay the costs of training if Franchisor determines that manager changes are excessive or caused by poor hiring practices. Franchisee shall be responsible for all travel costs, room and board and its employees' salaries incurred in connection with the new Designated Manager's attendance at such training.

8.5 <u>Ongoing Training</u>

From time to time, Franchisor may provide (and, if it does, has the right to require that the Designated Manager attend) ongoing training programs or seminars during the term of this Agreement. Franchisor may charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than two (2) sessions in any calendar year. Franchisee shall be responsible for all travel costs, room and board and its employees' salaries incurred in connection with the Designated Manager's attendance at such training.

9. CONFIDENTIAL OPERATIONS MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall lend to Franchisee one (1) copy of the Confidential Operations Manual or grant Franchisee access to an electronic copy of the Confidential Operations Manual. Franchisee shall conduct the Franchised Restoration Business in strict accordance with the provisions set forth in the Confidential Operations Manual. The Confidential Operations Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Confidential Operations Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration or termination of this Agreement.

9.2 Revisions

Franchisor has the right to add to or otherwise modify the Confidential Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Confidential Operations Manual is up-to-date at all times. If a dispute as to the contents of the Confidential Operations Manual arises, the terms of the master copy of the Confidential Operations Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality

The Confidential Operations Manual contains Trade Secrets and other Confidential Information of Franchisor, and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Confidential Operations Manual is available at the Franchised Business Office in a current and up-to-date form. If the Confidential Operations Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Confidential Operations Manual in a secure manner at the Approved Location; and if the Confidential Operations Manual is in electronic form, Franchisee shall maintain the Confidential Operations Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Confidential Operations Manual, access to the Confidential Operations Manual or any key, combination or passwords needed for access to the Confidential Operations Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Confidential Operations Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Restoration Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Confidential Operations Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisee recognizes that from time to time, Franchisor may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, new computer hardware and software, equipment or signs. Franchisee agrees to make all required upgrades and modifications at its expense as may be required by Franchisor; provided, however, that Franchisee shall not be required to make any expenditures during the first year of the initial term or any expenditures which are unreasonably disproportionate to Franchisee's initial investment to establish the Franchised Business during the initial term and otherwise not to exceed $25,000.00. If such additional investment is required to be made in the last year of the initial term, Franchisee may avoid making the investment by providing notice of intent not to renew the Franchise unless the investment is in connection with a modification to the System required by law or court order. Franchisee acknowledges that any required expenditures for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2 of this Agreement. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular Vital Restoration Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. ADVERTISING AND PROMOTIONAL ACTIVITIES

11.1 Grand Opening Advertising

Prior to, and/or during a period of approximately three (3) months following, the initial opening of the Franchised Restoration Business, Franchisee shall spend an amount specified by Franchisor on local advertisement and promotion of the initial opening ("Grand Opening Advertising"). Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend on Grand Opening Advertising based upon Franchisor's general assessment of the area surrounding the Franchised Restoration Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchisee shall conduct Grand Opening Advertising. Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in Section 11.2.2. Grand Opening Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee shall continuously promote the Franchised Restoration Business. Every month, Franchisee shall spend two percent (2%) of the previous month's Gross Sales on advertising, promotions and public relations within the immediate locality surrounding the Franchised Restoration Business ("Local Advertising"). Such expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisor shall provide general guidelines to Franchisee for conducting Local Advertising. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for such month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee, including, but not limited to, television ads, radio ads, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all such material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed to have received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. We shall have the absolute right, at our sole discretion, to terminate any approval at any time upon written notice to you. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services.

11.3 Marketing Fund

Franchisor may establish and administer a System-wide marketing, advertising and promotion fund to assist in Franchisor's regional and national advertising ("Marketing Fund"). If established, Franchisee shall be required to contribute weekly to the Marketing Fund in an amount specified by Franchisor and which Franchisor may adjust from time to time ("Marketing Fund Contributions"). Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.2. Franchisor shall notify Franchisee at least thirty (30) days before changing Marketing Fund Contribution requirements. If established, the Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor shall oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Marketing Fund. The program(s) may be local, regional or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program.

11.3.2 Franchisee's Marketing Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Marketing Fund.

11.3.3 Franchisor shall endeavor to spend all Marketing Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest on or other earnings of the Marketing Fund, and next out of prior year contributions and then out of current contributions.

11.3.4 Although Franchisor intends the Marketing Fund to be of perpetual duration, Franchisor has the right to terminate the Marketing Fund at any time. The Marketing Fund shall not be terminated, however, until all Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis based on total Marketing Fund Contributions made in the aggregate by each franchisee.

11.3.5 Each Vital Restoration Business operated by Franchisor or an Affiliate shall make Marketing Fund Contributions at the same rate as Vital Restoration franchisees.

11.3.6 An accounting of the operation of the Marketing Fund shall be prepared annually and shall be available to Franchisee upon request. Franchisor retains the right to have the Marketing Fund reviewed or audited and reported on, at the expense of the Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.7 Franchisee acknowledges that the Marketing Fund is not a trust and that Franchisor assumes no fiduciary duty in administering the Marketing Fund. Franchisor has no obligation to expend the marketing funds in any particular geographic area.

11.4 Cooperative Advertising

Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of Vital Restoration Business located within a particular region. Franchisor has the right to collect and designate all or a portion of funds that Franchisee would otherwise be required to spend on Local Advertising to payments or contributions to Franchisor for the funding of a Cooperative Advertising program. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region. If a Cooperative Advertising program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising program. Franchisee shall participate in the council according to the council's rules and procedures and shall abide by the council's decisions. Should Franchisor establish a Cooperative Advertising program or programs with or without an advertising council, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Restoration Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at the uniform resource locator www.vitalrestoration.com that provides information about the System and the products and services that Franchisor and its franchisees provide. Franchisor may (but is not required to) include at the Vital Restoration website an interior page containing information about the Franchised Restoration Business. If Franchisor includes such information on the Vital Restoration website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's written approval prior to posting. Franchisor retains the sole right to advertise or use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the Vital Restoration website.

Unless you have our prior written consent, you agree not to use any Mark as a part of any domain name, home page, electronic address, or otherwise in connection with an internet site (unless in connection with our approved franchise system website) or in any username, screen name or profile in connection with any social networking sites, such as, but not limited to, Facebook, Myspace, YouTube, Instagram, Twitter, and LinkedIn. We have no obligation to consent to your use of any Mark or trade name in any form of electronic media and reserve all rights to control the use of all Marks and trade names in all forms of electronic media. Should we grant you written authorization to use the Marks in a form of electronic media, you agree that we will have control over the content associated with the Marks, administrative access to all such electronic media accounts, and login information and passwords to all such accounts.

11.6 Telephone Directory Advertising

Franchisee must list the telephone number(s) for the Franchised Restoration Business in the "white pages" telephone directory and advertise the Franchised Restoration Business in such print and on-line directories as Franchisor may specify from time to time, which may include but shall not be limited to, the "yellow pages", Yelp, Google Places, etc. Franchisee may be required to place the classified directory advertisement and listings together with other Vital Restoration Businesses operating within the distribution area of the directories. If a joint listing is obtained, all Vital Restoration Businesses listed together shall pay a *pro rata* share of the cost of the advertisements and listings. Telephone directory advertising expenditures are in addition to Franchisee's Local Advertising obligations.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Restoration Business, including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor on the 5th day of each month via facsimile transmission, email, or the intranet, a signed and verified statement of Gross Sales ("Gross Sales Report") for the preceding month in a form that Franchisor approves or provides in the Confidential Operations Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the 5th day of each month as provided in Section 3.2.

12.3 Financial Statements

Franchisee shall supply to Franchisor on or before the fifteenth (15th) day of each month, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within ninety (90) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with GAAP applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the times specified in the Confidential Operations Manual or otherwise in writing. Franchisee agrees that Franchisor has the right to use and to disclose all information provided by Franchisee to Franchisor in Franchisee's financial statements, balance sheets, income statements, and other reports.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Confidential Operations Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Restoration Business to Franchisor's lenders and prospective lenders, investors and purchasers of Franchisor (irrespective of whether the purchase is structured as an asset purchase, stock purchase or merger). Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer/Point-of-Sale System

Franchisor requires Franchisee to acquire, install and use computer and point-of-sale systems consisting of hardware and software in accordance with Franchisor's specifications. Franchisor shall have full access to all of

Franchisee's computer and point-of-sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If an audit or any other inspection should reveal that any amounts owed to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located). If an audit or any other inspection should reveal that Franchisee has not spent two percent (2%) of its monthly Gross Sales on Local Advertising or if the inspection discloses an underpayment of three percent (3%) or more of the amount owed to Franchisor for the period covered by the audit or inspection, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the audit or inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Restoration Business, including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System are based in large part on offering high quality products and services to its customers. Accordingly, Franchisee shall provide or offer for sale or use at the Franchised Restoration Business only those products, supplies, signs, equipment and other items and services that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such items or services shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or an Affiliate). Franchisee shall not offer for sale, sell or provide through the Franchised Restoration Business or from the Franchised Business Office any products or services that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Confidential Operations Manual or other written or electronic form, with a list of specifications and, if Franchisor requires Franchisee to purchase goods or services from Approved Suppliers, a list of Approved Suppliers for some or all of the required products, supplies, signs, equipment and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate. If Franchisee desires to acquire any products or services that Franchisor has not approved (for products and services that require Franchisor's approval of the supplier), Franchisee shall, upon Franchisor's request, have the service or product and/or supplier evaluated by an independent agency to determine whether the service or product complies with Franchisor's standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all of the expenses for such independent evaluation. Franchisor will decide within a reasonable time (usually thirty [30] days) after receiving the required information whether Franchisee may acquire such items or whether the supplier shall be designated as an Approved Supplier, as the case may be. Failure to receive written approval of a supplier from Franchisor will be a denial of the proposed supplier. Approval of a supplier may be conditioned on the supplier's ability to provide a sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to reconsider from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing, leasing or licensing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to permit one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same products or services.

13.1.5 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of Approved Suppliers. Franchisee shall have no entitlement to or interest in any such benefits.

13.2 Appearance and Condition of the Franchised Restoration Business

Franchisee shall maintain the service tools and equipment, vehicle and signage of the Franchised Business in "like new" condition, and shall repair or replace service tools and equipment, vehicle and signage as necessary to comply with the health and safety standards and specifications of Franchisor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section10.2.

13.3 Ownership and Management

The Franchised Restoration Business shall, at all times, be under the direct supervision of Franchisee. The Designated Manager shall devote sufficient efforts to the management of the day-to-day operation of the Franchised Restoration Business, but not less than thirty-five (35) hours per week, excluding vacation, sick leave and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

13.4 Days of Operation

Franchisee shall keep the Franchised Restoration Business open for business during normal business hours on the days specified in the Confidential Operations Manual. Franchisee also acknowledges and agrees that the Franchised Restoration Business shall answer emergency calls outside of normal business hours.

13.5 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or providing any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.6 Personnel

Franchisee is solely responsible for its employees, and Franchisor does not exercise control over Franchisee's employees. Franchisee shall maintain competent and conscientious personnel to operate the Franchised Restoration Business in accordance with this Agreement and the Confidential Operations Manual. Franchisee shall train or cause the training of all personnel as and when required by prudent business practices, System standards or this Agreement, and Franchisee shall comply with all applicable laws and regulations regarding the qualifications, hiring and training of employees. All costs associated with Franchisee's performance of its obligations under this Section shall be the sole responsibility of Franchisee.

13.7 Privacy and Security

Franchisee is solely responsible for maintaining the privacy and security of personally identifiable information ("PI") of employees and customers of the Franchised Restoration Business. Franchisee agrees to comply with all laws and regulations regarding privacy, data security, and cyber security, to use commercially reasonable efforts to maintain the security of PI, and to take any other steps or measures regarding privacy and security which Franchisor may request from time to time.

13.8 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Restoration Business, and shall operate the Franchised Restoration Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Restoration Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations.

13.9 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Restoration Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Restoration Business not more than five (5) days after becoming aware of such commencement or issuance. Franchisee shall deliver to Franchisor, not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.10 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby.

Therefore, Franchisee shall use reasonable efforts to maintain high standards of quality and service in the operation of the Franchised Restoration Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Restoration Business. The Franchised Restoration Business shall in all dealings with its customers, vendors and the general public adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Restoration Business pursuant to this Section.

13.11 Uniform or Dress Code

Franchisee shall abide by any uniform or dress code requirements stated in the Confidential Operations Manual or otherwise. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or, if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.12 Credit Cards

Franchisee shall, at its expense, lease or purchase the necessary equipment and/or software and shall have arrangements in place with Visa, MasterCard and such other credit card issuers as Franchisor may designate, from time to time, to enable the Franchised Restoration Business to accept such methods of payment from its customers.

13.13 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee may change its e-mail address by giving prior written notice of such change of address to Franchisor. Franchisee must include in its email signature block a statement that Franchisee's Vital Restoration Business is an independently owned and operated franchise.

13.14 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of products and services offered through the Franchised Restoration Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to use their best efforts to enhance and improve the System and the sales of all products and services provided as part of the System.

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Restoration Business. Franchisor shall not charge for this service; however, Franchisor retains the right to refuse to provide the service or to charge a fee for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for products and services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating Vital Restoration Business and an analysis of costs and prices charged for competitive products and services. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Restoration Business; provided, however, that Franchisor shall have the sole right to determine the prices to be charged for products sold through the Vital Restoration Internet site, including products sold to persons identified as customers of the Franchised Restoration Business.

14.2 Periodic Visits

Franchisor or Franchisor's representatives may make periodic visits, which may be announced or unannounced, to the Franchised Restoration Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Restoration Business. Franchisor and Franchisor's representatives who visit the Franchised Restoration Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Restoration Business. A copy of any such written report may be provided to Franchisee. Franchisee shall promptly implement any required changes or improvements as required by Franchisor, with time being of the essence.

15. INSURANCE

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee, and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by a lender or lessor, Franchisee shall procure:

15.1.1 "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Restoration Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

15.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Restoration Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the minimum limit as required by state law;

15.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Restoration Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence and TWO MILLION DOLLARS ($2,000,000.00) in the aggregate or, if higher, the statutory minimum limit required by state law;

15.1.4 business interruption insurance in amounts and with terms acceptable to Franchisor;

15.1.5 automobile liability insurance for owned or hired vehicles, with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law;

15.1.6 cyber security/data breach insurance;
15.1.7 employment liability insurance; and

15.1.6 such insurance as is necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by insurance companies licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor requires an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be paid by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to timely establish, equip and commence operations of the Franchised Restoration Business pursuant to Section 5;

16.2.1.2 fails to have its Designated Manager satisfactorily complete any training program pursuant to Section 8;

16.2.1.3 fails to maintain all required licenses, permits, and certifications for a period exceeding five (5) business days;

16.2.1.4 made any material misrepresentation or omission in its application for the Franchise or otherwise in communicating with Franchisor in the course of entering into this Agreement;

16.2.1.5 Franchisee and/or one or more of Franchisee's owners is convicted of or pleads no contest to a felony or to another crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Restoration Business;

16.2.1.6 after notice of the breach, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Restoration Business;

16.2.1.7 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Confidential Operations Manual, Trade Secrets or any other Confidential Information;

16.2.1.8 if required by Franchisor, fails to have each holder of a legal or beneficial interest in Franchisee (and any member of such holder's immediate family or household), and each officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.9 abandons, fails or refuses to actively operate the Franchised Restoration Business for five (5) or more consecutive days (unless the Franchised Restoration Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Restoration Business following the expiration or termination of the lease for the Business Office and/or Storage, the destruction or condemnation of the Business Office and/or Storage or any other event rendering the Business Office and/or Storage unusable;

16.2.1.10 surrenders or transfers control of the operation of the Franchised Restoration Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required;

16.2.1.11 fails to maintain the Franchised Restoration Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6;

16.2.1.12 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.13 becomes a debtor under the United States Bankruptcy Code, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against any of Franchisee's business or property; if a suit to foreclose any lien or mortgage against its

Approved Location or personal property is instituted against Franchisee and not dismissed or in the process of being dismissed within thirty (30) days;

16.2.1.14 misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.15 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment to Franchisor or any Affiliate when due or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.1.16 violates, on two (2) or more occasions, any health or safety law, ordinance or regulation, or operates the Franchised Restoration Business in a manner that presents a health or safety hazard to its customers, employees or the public;

16.2.1.17 engages in any activity exclusively reserved to Franchisor;

16.2.1.18 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.19 repeatedly breaches this Agreement and/or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Confidential Operations Manual, whether or not previous breaches or failures are cured; or

16.2.1.20 defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 In addition to the provisions listed in Section 16.2, Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

16.2.2.1 within five (5) days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

16.2.2.2 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement; or

16.2.2.3 within ten (10) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Confidential Operations Manual or otherwise prescribed in writing.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply to Franchisee of any products or services for which Franchisor is an Approved Supplier, until such time as Franchisee corrects the breach.

16.5 Right of Franchisor to Operate Franchised Restoration Business

Following the delivery of a notice of termination pursuant to Section 16, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Restoration Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Confidential Operations Manual from time to time, currently equal to SIX HUNDRED DOLLARS ($600.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Restoration Business.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the Franchised Restoration Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets, the Confidential Information, the System and the Marks, including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 upon demand by Franchisor, immediately assign to Franchisor (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Franchised Business Office and/or Storage (if in a location other than a residence), and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "Vital Restoration" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

17.1.5 pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of any early termination of this Agreement, and any other amounts due to Franchisor or any Affiliate;

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.7 immediately return to Franchisor the Confidential Operations Manual, Trade Secrets and all other Confidential Information, including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Restoration Business (all of which are acknowledged to be Franchisor's property);

17.1.8 assign all telephone listings and all telephone and facsimile numbers for the Franchised Restoration Business to Franchisor or its designee, notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and authorize transfer of same to or at the direction of Franchisor; and

17.1.9 you agree to completely remove or modify, at your sole expense, any part of the interior and exterior decor that we deem necessary to disassociate the Premises with the image of an Vital Restoration Business including Trade Dress and any signage bearing the Marks as further described in Exhibit 6. If you do not take the actions we request within thirty (30) days after notice from us that we do not intend to take over operations of the facility, we have the right to enter the Premises and make the required changes at your expense, and you agree to reimburse us for those expenses on demand.

17.1.10 comply with all other applicable provisions of this Agreement.

17.2 <u>Post-Termination Covenant Not to Compete</u>

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for certain purposes including, but not limited to, the following:

17.2.1.1 to protect the Trade Secrets and other Confidential Information of Franchisor;

17.2.1.2 to induce Franchisor to grant a Franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and Franchisee's officers, directors, executives, professional staff and Designated Managers.

17.2.2 Except as otherwise approved in writing by Franchisor, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Franchised Business Office or within the Area of Primary Responsibility (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other Vital Restoration Business in existence at the time of termination or expiration; or

17.2.2.2 solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require Franchisor and Franchisor's owners, officers, directors, members, managers, and constituent partners to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks, nor shall Franchisor use the Confidential Operations Manual in connection with, or to promote, such other business. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 7, 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Franchised Business Office and/or Storage, Franchisee shall make such modifications or alterations to the Franchised Business Office and/or Storage (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Franchised Business Office and/or Storage. Franchisee shall make such specific additional changes to the Franchised Business Office and/or Storage as Franchisor may reasonably request for that purpose, including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Franchised Business Office and/or Storage for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), exercisable by providing written notice to Franchisee within a period of thirty (30) days after termination or expiration of this Agreement, to purchase for cash any or all assets of the Franchised Restoration Business including trade fixtures, leasehold improvements, equipment, supplies and all inventory. The purchase price shall be equal to the assets' fair market value as determined by an independent appraiser, and the Closing of the Option shall take place within ninety (90) days following Franchisor's receipt of the appraisal. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding such expiration or termination and until satisfied or by their nature expire.

17.6 Liquidated Damages

If termination is the result of Franchisee's default, Franchisee will pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fee payments for: (a) the twenty-four (24) calendar months of operation of Franchisee preceding Franchisee's default; (b) the period of time Franchisee has been in operation preceding the notice, if less than twenty-four (24) calendar months, projected on a twenty-four (24) calendar month basis; or (c) any shorter period as equals the unexpired term at the time of termination. The parties agree that a precise calculation of the full extent of the damages that Franchisor will incur on termination of this Agreement as a result of Franchisee's default is difficult and the parties desire certainty in this matter and agree that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is in addition to any other remedies that Franchisor may have including recovery of attorneys' fees and costs.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that, with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder, and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or (in the case of Franchisor's owners) collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Restoration Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements, as well as Franchisee's compliance with this Agreement:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Restoration Business, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters relating to this Agreement or the Franchised Restoration Business or incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

18.2.4 the prospective transferee has proven to Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, that Franchisor may require to demonstrate the prospective transferee's ability to operate the Franchised Restoration Business;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 the prospective transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, of any and all claims against Franchisor and its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities) with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise or interest;

18.2.8 Franchisee or the prospective transferee has paid to Franchisor a transfer fee in the amount of TEN THOUSAND DOLLARS ($10,000.00);

18.2.9 all holders of a legal or beneficial interest in the prospective transferee have agreed to be personally bound jointly and severally by all provisions of the new franchise agreement for its entire term by executing a personal guaranty in such form as is prepared by Franchisor;

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the prospective transferee, if required by Franchisor;

18.2.11 the prospective transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 Franchisee has, and, if Franchisee is an entity, all of the holders of a legal or beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17;

18.2.13 the prospective transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Restoration Business;

18.2.14 the prospective transferee has obtained all required licenses, permits and certifications required to operate the Franchised Restoration Business; and

18.2.15 the prospective transferee has obtained all necessary types of insurance as described in Section 15.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which is entirely owned by Franchisee or by Franchisee's owners ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized, and its charter provides, or articles of formation provide, that its activities are confined exclusively to the operation of the Franchised Restoration Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own, all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Restoration Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of Franchisee or the Controlled Entity under this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing the Controlled Entity's assumption of Franchisee's obligations under this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Restoration Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.3.4 Franchisee has identified on Exhibit 4 all holders of a legal or beneficial interest in the controlled entity and has designated one managing owner upon whom Franchisor is entitled to rely regarding decisions involving the franchise.

18.4 <u>Franchisor's Disclosure to Transferee</u>

Franchisor has the right, without liability to Franchisee of any kind or nature whatsoever to make available for inspection by any intended transferee of Franchisee, or of an interest in Franchisee or in the Franchised Restoration Business or this Agreement, all or any part of Franchisor's records relating to this Agreement, the Franchised Restoration Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and releases and holds Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to Franchisee or the Franchised Restoration Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Restoration Business, or in any communication media, any form of advertising relating to the sale of the Franchised Restoration Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Restoration Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein such deceased or incapacitated person resided, with such choice of law provision being applicable only for this Section 18.6. During such one hundred eighty (180) day period, the Franchised Restoration Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such a death or Incapacity as described in this Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Restoration Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Confidential Operations Manual from time to time, currently equal to SIX HUNDRED DOLLARS ($600.00) per day, and shall be entitled to reimbursement of any expenses it incurs that are not paid out of the operating cash flow of the Franchised Restoration Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 18.6) the Franchised Restoration Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any interest in the Franchise granted hereunder, Franchisee shall obtain and deliver to Franchisor a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, , except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests mentioned above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Unless the proposed sale or transfer is to a member of the immediate family of Franchisee (if Franchisee is an individual) or a holder of a legal or beneficial interest in Franchisee, Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any other form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, the representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or its owner or owners, as the case may be, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

19.4 Sales or Transfers to Family Excepted

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Franchised Restoration Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owner's) immediate family, then the terms and conditions of this Section 19 shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to an immediate family member.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 4 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, or servant of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Restoration Business operating the Franchised Restoration Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all email forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, or any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Restoration Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

WE WILL NOT ASSUME ANY LIABILITY OR BE DEEMED LIABLE FOR ANY AGREEMENTS, REPRESENTATIONS, OR WARRANTIES YOU MAKE THAT ARE NOT EXPRESSLY AUTHORIZED UNDER THIS AGREEMENT, NOR WILL WE BE OBLIGATED FOR ANY DAMAGES TO ANY PERSON OR PROPERTY DIRECTLY OR INDIRECTLY ARISING OUT OF THE OPERATION OF THE BUSINESS YOU CONDUCT PURSUANT TO THIS AGREEMENT, WHETHER OR NOT CAUSED BY EITHER PARTY'S NEGLIGENT OR WILLFUL ACTION OR FAILURE TO ACT. WE WILL HAVE NO LIABILITY FOR ANY SALES, USE, EXCISE, INCOME, GROSS RECEIPTS, PROPERTY, OR OTHER TAXES LEVIED AGAINST YOU OR YOUR ASSETS OR ON VITAL RESTORATION IN CONNECTION WITH THE BUSINESS YOU CONDUCT, OR ANY PAYMENTS YOU MAKE TO VITAL RESTORATION PURSUANT TO THIS AGREEMENT OR ANY FRANCHISE AGREEMENT (EXCEPT FOR VITAL RESTORATION'S OWN INCOME TAXES). WE ARE NOT A JOINT EMPLOYER OF YOUR EMPLOYEES AND WILL HAVE NO LIABILITY FOR ANY OBLIGATIONS YOU OWE TO YOUR EMPLOYEES OR FOR ANY OF YOUR EMPLOYMENT PRACTICES, INCLUDING BUT NOT LIMITED TO ANY VIOLATIONS OF STATE OR FEDERAL LABOR AND EMPLOYMENT LAWS. YOU ARE SOLELY RESPONSIBLE FOR MAINTAINING THE CONFIDENTIALITY OF PERSONALLY IDENTIFIABLE INFORMATION OF CUSTOMERS AND EMPLOYEES OF YOUR FRANCHISED VITAL RESTORATION BUSINESS AND WE WILL HAVE NO LIABILITY FOR ANY BREACHES OF SECURITY. YOU WILL PROVIDE VITAL RESTORATION TIMELY NOTICE OF CUSTOMER AND EMPLOYEE CLAIMS AND SUBMISSIONS TO YOUR INSURANCE CARRIERS. YOU AGREE TO INDEMNIFY, DEFEND, AND HOLD HARMLESS US, VITAL RESTORATION'S

AFFILIATES, AND VITAL RESTORATION'S AND THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS, AND ASSIGNEES (THE "INDEMNIFIED PARTIES") AGAINST, AND TO REIMBURSE ANY ONE OR MORE OF THE INDEMNIFIED PARTIES FOR, ALL CLAIMS, OBLIGATIONS, AND DAMAGES DIRECTLY OR INDIRECTLY ARISING OUT OF YOUR CENTER'S OPERATION, THE BUSINESS YOU CONDUCT UNDER THIS AGREEMENT, OR YOUR BREACH OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE ALLEGED TO BE CAUSED BY THE INDEMNIFIED PARTY'S NEGLIGENCE, UNLESS (AND THEN ONLY TO THE EXTENT THAT) THE CLAIMS, OBLIGATIONS, OR DAMAGES ARE DETERMINED TO BE CAUSED SOLELY BY VITAL RESTORATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN A FINAL, UNAPPEALABLE RULING ISSUED BY A COURT WITH COMPETENT JURISDICTION. FOR PURPOSES OF THIS INDEMNIFICATION, "CLAIMS" INCLUDE ALL OBLIGATIONS, DAMAGES (ACTUAL, CONSEQUENTIAL, OR OTHERWISE), AND COSTS THAT ANY INDEMNIFIED PARTY REASONABLY INCURS IN DEFENDING ANY CLAIM AGAINST IT, INCLUDING, WITHOUT LIMITATION, REASONABLE ACCOUNTANTS', ARBITRATORS', ATTORNEYS', AND EXPERT WITNESSES' FEES, COSTS OF INVESTIGATION AND PROOF OF FACTS, COURT COSTS, TRAVEL AND LIVING EXPENSES, AND OTHER EXPENSES OF LITIGATION, ARBITRATION, OR ALTERNATIVE DISPUTE RESOLUTION, REGARDLESS OF WHETHER LITIGATION, ARBITRATION, OR ALTERNATIVE DISPUTE RESOLUTION IS COMMENCED. EACH INDEMNIFIED PARTY MAY DEFEND ANY CLAIM AGAINST IT AT YOUR EXPENSE AND AGREE TO SETTLEMENTS OR TAKE ANY OTHER REMEDIAL, CORRECTIVE, OR OTHER ACTIONS. THIS INDEMNITY WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING THIS AGREEMENT'S EXPIRATION OR TERMINATION. AN INDEMNIFIED PARTY NEED NOT SEEK RECOVERY FROM ANY INSURER OR OTHER THIRD PARTY, OR OTHERWISE MITIGATE ITS LOSSES AND EXPENSES, IN ORDER TO MAINTAIN AND RECOVER

FULLY A CLAIM AGAINST YOU UNDER THIS SECTION. YOU AGREE THAT A FAILURE TO PURSUE A RECOVERY OR MITIGATE A LOSS WILL NOT REDUCE OR ALTER THE AMOUNTS THAT AN INDEMNIFIED PARTY MAY RECOVER FROM YOU UNDER THIS SECTION. NOTHING HEREIN SHALL BE DEEMED TO IMPOSE ON FRANCHISEE A DUTY TO INDEMNIFY VITAL RESTORATION FOR ACTIONS OF VITAL RESTORATION WHICH VIOLATE ITS OBLIGATIONS TO THE FRANCHISEE HEREUNDER.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all causes of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular obligation of or default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any other obligation or subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

Nothing in this agreement bars Vital Restoration's right to obtain specific performance of the provisions of this agreement and injunctive relief against threatened conduct that will cause Us, the Marks, and/or the system loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). You agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Certified Mail, return receipt requested, postage prepaid. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

Vital Restoration Franchising, Inc.
Attn: President
6 South Linden Avenue, Suite 9
South San Francisco, California 94080

22.4 Cost of Enforcement or Defense

In any action for the collection of fees due under this Agreement or seeking injunctive relief, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Exhibit 3, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval, and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee. Franchisee acknowledges that Franchisee is entering into this Agreement as a result of its own independent investigation of the Franchised Restoration Business and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus or other similar document given to Franchisee pursuant to applicable law.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration to be received by Franchisor under this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent permitted by law.

22.8.3 If any lawful requirement or court order of any jurisdiction 1) requires a greater advance notice of the termination or non-renewal of this agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or 2) makes any provision of this agreement or any specification, standard, or operating procedure we prescribed invalid or unenforceable, the advance notice and/or other action required or revision of the specification, standard, or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.15 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the state where the Franchised Restoration Business is located (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall only be brought in the appropriate state court located in or serving San Mateo County, California. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Franchisor in either San Mateo County, California or where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Restoration Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim. Any proceeding will be conducted on an individual, not a class wide basis and a proceeding between Vital Restoration and you or your owners may not be consolidated with another proceeding between Vital Restoration and any other person or entity, nor may any claims of another party or parties be joined with any claims asserted in any action or proceeding between Vital Restoration and you. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fees.

23.6 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any and all of Franchisor's intellectual property rights, including, but not limited to, Franchisor's Marks, copyrights or the unauthorized use or disclosure of Franchisor's Confidential Information, covenants against competition and other claims for injunctive relief, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in San Mateo County, California, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator agreed upon by the parties or otherwise appointed by the Superior Court for the State of California and located in San Mateo County, California. The decision of the arbitrator will be final and binding

upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received, at least fourteen (14) calendar-days prior to the date on which this Agreement was executed, Franchisor's Franchise Disclosure Document.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and other submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like an investment in any other business, an investment in a Vital Restoration Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Restoration Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's officers, directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

VITAL RESTORATION FRANCHISING, INC.:

By:____

Name printed:________________________________

Title:_______________________________________

FRANCHISEE:______________________________

(type/print name)

By:____

Name:______________________________________

Title:_______________________________________

[or, if an individual]

Signed:_____________________________________

Name printed:________________________________

EXHIBIT 1 TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of ________________, 20____ by ____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of ____ ____________________________________, in consideration of:

_______ the execution by Vital Restoration Franchising, Inc., a California corporation ("RELEASEE"), of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

_______ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_______ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement;

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:____

(type/print name)

By: ____

Name:____

Title:____

(or, if an individual)

Signed:____

Name printed:____

ACKNOWLEDGMENT

State of ______________________)
) ss
County of ____________________)

On this ____ day of _____________, 20____ before me personally came __________________, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the ________________ _______ (title) of ____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

____________________________________ (NOTARIAL SEAL)
Notary Public
My Commission expires:

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the ____ day of ____________, 20_____, is by and between ____, ("Franchisee") (d/b/a a Vital Restoration Franchise) and ____ ("Individual").

W I T N E S S E T H:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _______________, 20__ ("Franchise Agreement") by and between Franchisee and Vital Restoration Franchising, Inc. ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) restoration services and other services the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. <u>Trade Secrets and Confidential Information</u>

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical and non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Vital Restoration Business that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to Vital Restoration Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Confidential Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) Individual proves is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Vital Restoration Business.

3. Non-Competition

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for the benefit of Individual or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with (i) the Company's service mark "Vital Restoration" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with Vital Restoration Businesses or (ii) the Company's uniform standards, methods, procedures and specifications for the establishment and operation of Vital Restoration Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for the benefit of Individual or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Area of Primary Responsibility (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other Vital Restoration Business in existence at the time of termination or expiration.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other Vital Restoration Business to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other Vital Restoration Business.

4. Reasonableness of Restrictions

Individual acknowledges that each of the terms set forth herein, including each restrictive covenant, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, an arbitrator or a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then such activity, time period or geographic restriction shall be reduced to the extent necessary to enable the arbitrator or court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the Individual and a duly authorized representative of Franchisee.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of where the Franchised Restoration Business is located (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law or laws as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds to the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving San Mateo County, California. The parties waive all objections to personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company or Franchisee where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the terms hereof, including, for example, confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist, in any one (1) or more instances, upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of the other party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) Subject to Section 4 above, in the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement of this Agreement by Franchisee or Company.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY OF THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:

____

FRANCHISEE:

By:_________________________________

Its:_________________________________

INDIVIDUAL:

Signature:___________________________

Name Printed:________________________

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ________ day of____________, 20____, by ____ ____ (collectively, "Guarantor").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated ____________ herewith ("Agreement") by Vital Restoration Franchising, Inc. ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any amendment or other modification of the Agreement by Franchisee and Franchisor, any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising before or after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of where the Franchised Restoration Business is located (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of California and the United States District Court located in or serving San Mateo County, California and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other franchising agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other franchising agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other franchising agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS

____
____
____
____

TELEPHONE NO.:_____________________
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_______%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS

____
____
____
____

TELEPHONE NO.:_____________________
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_______%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS

____
____
____
____

TELEPHONE NO.:_____________________
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_______%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS

____
____
____
____

TELEPHONE NO.:_____________________
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_______%

PERSONAL GUARANTOR	**PERSONAL GUARANTOR**
______________________________	______________________________
Personally and Individually (Printed Name)	Personally and Individually (Printed Name)
______________________________	______________________________
Personally and Individually (Signature)	Personally and Individually (Signature)
HOME ADDRESS	HOME ADDRESS
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
TELEPHONE NO.:____________________	TELEPHONE NO.:____________________
PERCENTAGE OF OWNERSHIP	PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_______%	IN FRANCHISEE:_______%

EXHIBIT 4 TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS; DIRECTORS

ENTITY NAME:____

STATE OF FORMATION:__________________________________

FICTITIOUS NAME:____________________________________

<u>Holders of Legal or Beneficial Interest</u>:

Name:_______________________________
Position/Title:__________________________
Home Address:_________________________
____
____
Telephone No.:_________________________
E-mail address:_________________________
Percentage of ownership: ________%

Name:_______________________________
Position/Title:__________________________
Home Address:_________________________
____
____
Telephone No.:_________________________
E-mail address:_________________________
Percentage of ownership ________%

Name:_______________________________
Position/Title:__________________________
Home Address:_________________________
____
____
Telephone No.:_________________________
E-mail address:_________________________
Percentage of ownership: ________%

Name:_______________________________
Position/Title:__________________________
Home Address:_________________________
____
____
Telephone No.:_________________________
E-mail address:_________________________
Percentage of ownership ________%

Name:_______________________________
Position/Title:__________________________
Home Address:_________________________
____
____
Telephone No.:_________________________
E-mail address:_________________________
Percentage of ownership: ________%

Name:_______________________________
Position/Title:__________________________
Home Address:_________________________
____
____
Telephone No.:_________________________
E-mail address:_________________________
Percentage of ownership ________%

<u>Officers and Directors</u>:

Name:_______________________________
Position/Title:__________________________
Home Address:_________________________
____
____
Telephone No.:_________________________
E-mail address:_________________________

Name:_______________________________
Position/Title:__________________________
Home Address:_________________________
____
____
Telephone No.:_________________________
E-mail address:_________________________

Name:____________________	Name:____________________
Position/Title:________________	Position/Title:________________
Home Address:________________	Home Address:________________
________________________	________________________
________________________	________________________
Telephone No.:________________	Telephone No.:________________
E-mail address:_______________	E-mail address:_______________

FRANCHISEE HEREBY DESIGNATES THE FOLLOWING INDIVIDUAL AS THE MANAGING OWNER, UPON WHOM FRANCHISOR IS ENTITLED TO RELY WITH RESPECT TO DECISIONS REGARDING THE FRANCHISE:

NAME: ________________________
ADDRESS: ______________________
____
TELEPHONE: ____________________
EMAIL: ________________________

<u>EXHIBIT 5 TO THE FRANCHISE AGREEMENT</u>

MULTI-STATE ADDENDA

ADDENDUM TO THE FRANCHISE AGREEMENT
VITAL RESTORATION FRANCHISING, INC.

FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular.

2. Section 3.1 of the Franchise Agreement and Item 5 of the FDD are amended to add the following:

- All Franchise Fees payable by California Franchisees will be deferred until the Franchisor has completed all of its pre-opening obligations and Franchisee is open for business and operational.

3. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-31516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement for Vital Restoration Franchising, Inc. is amended as follows:

- The California Franchise Relations Act provides rights to Franchisee concerning termination or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 4.2 and 16.

- Section 16.2.1.13, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

- Section 17.2 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.

- Paragraph 1 of this Addendum contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

- Section 23.7 requires binding arbitration. The arbitration will occur at the forum indicated in Section 23.7, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult 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 the Franchise Agreement restricting venue to a forum outside of the State of California.

4. Neither We nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

5. The franchise agreement requires application of the laws of the state where the franchised business is located. This provision may not be enforceable under California law.

6. 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.

7. 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).

8. "The earnings claims figure(s) does (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 franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information."

9. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

10. We have a website: www.vitalrestoration.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENTOF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www.corp.ca.gov.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:____________________
By: ____________________	By: ____________________
Title:____________________	Title: ____________________

FOR THE STATE OF CONNECTICUT

This Addendum to the Franchise Agreement is agreed to this _________ day of ________________, _______, between. Vital Restoration Franchising, Inc. and _________________________________ ("Franchisee") to amend and revise said Franchise Agreement as follows:

1. Section 3.1, "Franchise Fee," is amended to delete the following:

- The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable.

2. Section 8, "Training and Assistance," is amended by the addition of the following language to the original language that appears therein:

- "The required training shall commence no more than sixty (60) days after execution of this Agreement."

3. Section 9, "Confidential Operations Manual," is amended by the addition of the following language to the original language that appears therein:

- "Franchisor shall provide the Confidential Operations Manual to the Franchisee no later than thirty (30) days after execution of this Agreement."

5. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Connecticut Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:____________________________
By: _________________________________	By:_________________________________
Title:_________________________________	Title:_________________________________

FOR THE STATE OF HAWAII

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____.

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Franchise Agreement for Vital Restoration is amended as follows:

- The Hawaii Franchise Investment Law provides rights to Franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Agreement, and more specifically Sections 4.2, 16 and 18.2 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

- Sections 4 and 18 require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

- Section 16.2.1.13, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:______________________________
By: ____________________________________	By: ____________________________________
Title:___________________________________	Title: __________________________________

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____.

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for Vital Restoration is amended as follows:

- Sections 4.2, 5.3, 8.3, 18 are amended to add:

  No general release shall be required as a condition of renewal or transfer that is intended to require Franchisee to waive compliance with the Illinois Franchise Disclosure Act, 815 ILCS 705.

- Sections 16, 17 and 23 are amended to add:

  The conditions under which the Franchise Agreement can be terminated and Franchisee's rights upon termination or non-renewal, as well as the application by which Franchisee must bring any claims, may be governed by the Illinois Franchise Disclosure Act, 815 ILCS 705/19 and 705/20.

- Sections 23.1 and 23.2 are amended to add:

  The Franchise Agreement shall be governed by Illinois law. Jurisdiction and venue for court litigations shall be in Illinois. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State is void, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois.

- Section 23.4 is amended to add:

  No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after Franchisee becomes aware of facts or circumstances reasonably indicating that the Franchisee may have a claim for relief in respect to conduct governed by the Act, or ninety (90) days after delivery to Franchisee of a written notice disclosing the violation, whichever shall first expire.

- Section 23.6 is deleted in its entirety.

2. Any condition, stipulation, or provision purporting to bind any person acquiring any Franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:_______________________
By: _______________________	By: _______________________
Title:_______________________	Title: _______________________

FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____.

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement for Vital Restoration is amended as follows:

- Sections 4.2.8, 5.3, 8.3, 18.2.3 and 18.2.6 do not provide for a prospective general release of claims against Franchisor that may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

- Section 16 is amended to prohibit unlawful unilateral termination of a Franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

- Section 17.2 is amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants shall have a geographical limitation of the territory granted to Franchisee.

- Section 21.3 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

- Section 23.1 is amended to provide that, in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.

- Section 23.2 is amended to provide that Franchisee may commence litigation in Indiana for any cause of action under Indiana law.

- Section 23.7 is amended to provide that arbitration between Franchisor and Franchisee, shall be conducted at a mutually agreed upon location.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:_________________________
By: _______________________________	By: _______________________________
Title:______________________________	Title: ______________________________

FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____.

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement for Vital Restoration is amended as follows:

- Sections 4.2.8, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
- Section 16.2.1.13, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section 23.1 requires that the Franchise be governed by the laws of the State where the franchised Restoration Business is located; however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.
- Sections 23.2 and 23.7 require litigation or arbitration to be conducted in the State of California; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.
- Any Section of the Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing the Franchise are not intended to, nor shall they act as a, release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- Section 23.4 is amended to the extent that 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. Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:___________________________
By: ________________________________	By: ________________________________
Title:_______________________________	Title: ______________________________

FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____.

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

- Sections 4 and 16 are amended to add that with respect to Franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law that requires, except in certain specified cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Agreement.

- Sections 4.2.8, 5.3, 8.3, 18.2.3 and 18.2.6 do not provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

- Section 6 is amended to add that as required by Minnesota Franchise Act, Vital Restoration Franchising, Inc. will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by Vital Restoration Franchising, Inc., and so long as Vital Restoration Franchising, Inc. is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

- Section 23.4 is amended to state that any claim concerning the Franchised Restoration Business or this Agreement or any related agreement will be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

- Section 23.5 is deleted in its entirety.

- Section 23.6 is deleted in its entirety.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. However, Franchisor may seek such relief through the court system with or without a bond as determined by a court. Minn. Rule Part 2860.4400J prohibits Franchisee from waving its rights to a jury trial or waiving your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. To the extent that the Franchise Agreement requires Franchisee to waive these rights, the Franchise Agreement will be considered amended to the extent necessary to comply with the Minnesota Rule.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:______________________________
By: ______________________________	By: ______________________________
Title:______________________________	Title: ______________________________

FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____.

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Franchise Agreement for Vital Restoration is amended as follows:

- Sections 4.2.8, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal or transfer; such release shall exclude claims arising under the General Business Laws.

- Under Section 18.1, Franchisor shall not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

- Section 21.3 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products that were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

- Section 23.1 requires that the Franchise be governed by the laws of the state Franchisor's principal business is then located, such a requirement will not be considered a waiver of any right conferred upon Franchisee by Article 33 of the General Business Laws.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:_______________________________
By: ________________________________	By: ________________________________
Title:______________________________	Title: ______________________________

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____.

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 *et seq.* Such provisions in the Agreement are hereby amended as follows:

- Under Sections 4.2.8, 5.3, 8.3, 18.2.3 and 18.2.6, the execution of a general release upon renewal, transfer, shall be inapplicable to Franchises operating under the North Dakota Franchise Investment Law to the extent that such a release excludes claims arising under the North Dakota Franchise Investment Law.

- Section 7 is amended to add that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

- Section 22.4 is amended to state:

  If Franchisor or Franchisee is required to enforce this Agreement via judicial or arbitration proceedings, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and legal fees in connection with such proceeding.

- Section 17.2 is amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

- Section 23.1 is amended to state that in the event of a conflict of laws, North Dakota Law shall prevail.

- Section 23.2 is amended to add that any action may be brought in the appropriate state or federal court in North Dakota with respect to claims under North Dakota Law.

- Section 23.4 is amended to state that the statute of limitations under North Dakota Law shall apply.

- Sections 23.5 and 23.6 are deleted in their entireties.

- Section 23.7 is amended to state that arbitration involving a Franchise purchased in North Dakota must be held either in a location mutually agreed upon prior to the arbitration, or if the parties cannot agree on a location, the arbitrator will determine the location.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:___________________________________
By: ____	By: ____
Title:____	Title: ____

FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____.

1. In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14, the Franchise Agreement for Vital Restoration is amended as follows:

- Sections 4.2.8, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal or transfer; such release shall exclude claims arising under The Rhode Island Franchise Investment Act.

- Sections 23.1, 23.2 and 23.7 are amended to state that restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under The Rhode Island Franchise Investment Act.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:___________________________________
By: ____	By: ____
Title: _______________________________________	Title: ____

FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____ to amend and revise said Franchise Agreement as follows:

- Section 16.2.1.13, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

- Section 16.2.1.20 of the Franchise Agreement will not be applicable to the Franchise Agreement signed by the Virginia franchisee entering into the attached agreement.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:______________________________
By: ____________________________________	By: ____________________________________
Title:___________________________________	Title: __________________________________

FOR THE STATE OF WASHINGTON

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____.

1. In recognition of the requirements of the Washington Franchise Investment Protection Act, Washington Rev. Code §§19.100.010 – 19.100.940, the Franchise Agreement for Vital Restoration is amended as follows:

- The Washington Franchise Investment Protection Act provides rights to Franchisee concerning non-renewal and termination of the Franchise Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act shall control.

- Sections 4.2.8, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal or transfer; such release shall exclude claims arising under the Washington Franchise Investment Protection Act.

- Section 23.1 requires that the Franchise be governed by the laws of the State where the franchised Restoration Business is located; such a requirement may be unenforceable in the event of a conflict with the Washington Franchise Investment Protection Act. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

- Sections 23.2 and 23.7 require litigation or arbitration to be conducted in the State of California; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

- Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, or restrict or limit rights or remedies available to a franchisee under the Act, such as a waiver of the right to a jury trial, may not be enforceable.

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

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:______________________________
By: ____________________________________	By: ____________________________________
Title:___________________________________	Title: ___________________________________

FOR THE STATE OF WISCONSIN

This Addendum to the Franchise Agreement is agreed to this ___ day of _________, 20___, is by and between Vital Restoration Franchising, Inc. and ____ to amend and revise said Franchise Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Vital Restoration Franchising, Inc.:	Franchisee:___________________________________
By: ____	By: ____
Title:_______________________________________	Title: ______________________________________

EXHIBIT 6 TO FRANCHISE AGREEMENT

DE-IDENTIFICATION

1. Convey and Deliver to Vital Restoration all items bearing the Marks.
2. Remove all custom murals/wraps.
3. Remove and Deliver to Vital Restoration all Confidential Information

Exhibit 7 to Vital Restoration Franchise Agreement
Online/Social Media Advertising Permission Request

I, ___________________, hereby request approval of Vital Restoration Franchising, Inc. ("Vital Restoration") to advertise and/or list my Vital Restoration Business for ____________________ Territory in the following online listing or forum (the "Forum"):

Name of Forum:
(e.g. Facebook, Twitter, Pinterest)
URL for listing/page:
Administrative Log-in Name:
Password:
(For Facebook Accounts, please make a separate administrative account naming Sal Vitale as an administrator. For all other Forums, please provide your standard administrative log-in information.)

1. I hereby assign to Vital Restoration any and all rights I may have to the Forum.

2. I agree to diligently monitor and update the Forum.

3. I agree to promptly and courteously respond to any and all comments, concerns, questions, and/or postings made on the Forum.

4. I agree that Vital Restoration has no obligation to but has the right to monitor, modify, and/or update the Forum and may make postings to the Forum on my behalf.

5. I agree to comply with Vital Restoration's advertising and social media policies as modified from time to time.

6. I understand that Vital Restoration reserves the right to revoke this approval by providing written notice to me.

Franchisee

_____________________________________ ____________________
Date

Name & Title__________________________

Approved by <u>Franchisor</u>:

VITAL RESTORATION FRANCHISING, INC., a California corporation

By:_______________________________
Sal Vitalie, CEO

EXHIBIT 8 to Vital Restoration Franchise Agreement
Pre-Opening Certification

I, ___________________, do hereby certify to Vital Restoration Franchising, Inc. the following:

1. I understand that it is my responsibility to ensure that my Vital Restoration Business operates in accordance with all laws, rules, and regulations.

2. I understand that I am solely responsible for my employees and that Vital Restoration Franchising, Inc. does not exercise any control over my employees or my relationship with them.

3. I have obtained a consultation with the advisor(s) of my choice regarding the laws applicable to restaurant operations in my territory and to complying with all labor and employment laws applicable to my restaurant.

4. I have completed the Vital Restoration initial training program and have received adequate training.

5. I understand the legal requirements of operating a Vital Restoration Business in my Territory.

6. I will use my best efforts to operate my Vital Restoration Business accordance with all Vital Restoration Operating requirements and all laws, rules, & regulations, which may require me to seek legal and accounting advice from time to time from my advisor(s).

Franchisee	**Guarantor**
_______________________________________	___________________________________
Name & Title___________________________	Name & Title________________________
Date__________________________________	Date_______________________________

EXHIBIT 9 TO FRANCHISE AGREEMENT
AUTHORIZATION AGREEMENT – PRE-ARRANGED PAYMENTS

I (We) (Franchisee) authorize Vital Restoration Franchising, Inc. (Vital Restoration) to initiate debit entries and/or credit correction entires, electronic or otherwise, as authorized by the Franchise Agreement between Franchisee and Vital Restoration. Debit entries for all amounts owed by Franchisee to Vital Restoration pursuant to the Franchise Agreement are authorized by this Authorization Agreement and shall be made on such due dates as agreed in the Franchise Agreement or such other dates as Franchisee and Vital Restoration may agree upon from time to time. This authorization shall remain in full force and effect until terminated in writing by Franchise pursuant to thirty (30) day notice. Franchisee shall provide Vital Restoration, in conjunction with this Authorization Agreement, a voided check from the below-referenced account.

Bank Name	
Branch Designation	
City, State, Zip	
ABA / Routing / Transit Number	
Account Number	
Franchisee Name on Account	
Franchisee Tax Identification Number	
Authorized Signatory on Account Printed Name	
Authorized Signatory on Account Signature	
Authorized Signatory on Account Contact Phone number and email	Phone: Email:

[ATTACH VOIDED CHECK FOR ACCOUNT VERIFICATION]

VITAL RESTORATION FRANCHISING, INC.

AREA DEVELOPMENT AGREEMENT

____
AREA DEVELOPER

____
DATE OF AGREEMENT

____
DEVELOPMENT AREA

TABLE OF CONTENTS

EXHIBITS

VITAL RESTORATION FRANCHISING, INC.
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "**Agreement**") is made and entered between **VITAL RESTORATION FRANCHISING, INC.**, a California corporation ("**we**," "**us**" or "**our**"), and ____, whose principal business address is _____________________________________ ("**you**" or "**your**"), as of the date signed by us and set forth below our signature on this Agreement (the "**Effective Date**").

1. PREAMBLES AND GRANT OF RIGHTS.

1.1 PREAMBLES.

1.1.1 Through the expenditure of considerable time, effort and money, we and our affiliates have devised a system for the establishment and operation of a Restoration Business providing residential and commercial water, fire, smoke, and mold restoration services with additional services such as cleaning, drying and repair of damaged structural areas (all of which we refer to in this Agreement as the "**System**"). We identify the System by the use of certain trademarks, service marks and other commercial symbols, including "Vital Restoration" and certain associated designs and logos, any of which we may change or add to from time to time (collectively the "**Marks**").

1.1.2 We grant franchises (each a "**Franchise**"), to persons or entities who we determine meet our qualifications, for the development and operation of a Vital Restoration business in accordance with the System under the Marks (each a "**Vital Restoration Business**"). Each Franchise is granted solely pursuant to a written franchise agreement and related documents and agreements signed by us and a franchisee (each a "**Franchise Agreement**").

1.1.3 We also grant rights, to persons or entities who we determine meet certain additional qualifications and who are willing to commit, to acquire multiple Franchises for the development and operation of Vital Restoration Businesses within a defined area (the "**Development Area**") pursuant to an agreed upon schedule (the "**Development Schedule**").

1.1.4 You have requested that we grant you such rights, and we are willing to do so in reliance on all of the information, representations, warranties and acknowledgements you have provided to us in support of your request, and subject to the terms and conditions set forth in this Agreement.

1.2 GRANT OF RIGHTS; EXCLUSIVITY; TERM.

We grant you the right, and you undertake the obligation, either yourself or through your approved Affiliates (defined below), to acquire Franchises to develop, own and operate Vital Restoration Businesses (the "**Development Rights**"). The Development Rights may only be exercised during the Term (defined below) and for Vital Restoration businesses to be developed and operated within the Development Area. The Development Rights must be exercised in strict compliance with the Development Schedule as provided herein. Except as described in Section 1.3 below, and provided you and your Affiliates are in full compliance with this Agreement and all Franchise Agreements and other agreements with us (or any of our affiliates), we will not, during the Term, (1) own and operate Vital Restoration Businesses in the Development Area or (2) grant or authorize the grant to any other person or entity of Development Rights for the Development Area. An "**Affiliate**" is an Entity (defined below) in which you or your owners (i) own more than 51% of the issued and outstanding ownership interest and voting rights or (ii) have the right and power to control and determine the Entity's management and policies.

The Development Rights may be exercised from the Effective Date and, unless sooner terminated as provided herein, continuing through the earlier of (1) the date on which the last Vital Restoration Business which is required to be opened in order to satisfy the Development Schedule opens for regular business or (2) the last day of the last Development Period (the "**Term**").

1.3 RIGHTS WE RESERVE.

You acknowledge and agree that the Development Rights are limited to the rights to acquire Franchises in accordance with this Agreement as described in Section 1.2. You acknowledge that the rights to develop Vital Restoration Businesses and to use the Marks and any copyrights and patents owned by us or our affiliates are granted only pursuant to individual Franchise Agreements, and you agree that the Development Rights do not include any such rights. You also acknowledge that we grant rights only pursuant to the expressed provisions of written agreements and not in any other manner, including, without limitation, orally or by implication, innuendo, extension or extrapolation. Without limiting the foregoing, we specifically reserve the right to do, and you acknowledge and agree that the Development Rights do not include your right to do, the following:

1.3.1 establish, operate and allow others to establish and operate Vital Restoration Businesses using the Marks, at any location outside the Development Area on such terms and conditions we deem appropriate;

1.3.2 establish, operate and allow others to establish and operate restoration or construction businesses that may offer products and services which are identical or similar to products and services offered by Vital Restoration Businesses, under trade names, trademarks, service marks and commercial symbols which are different from the Marks;

1.3.3 the right to produce and sell products using the Marks or other commercial symbols through other channels of distribution (including, but not limited to, the Internet) that sell products and/or services that are identical or similar to, and/or competitive with, those of the Vital Restoration Business, regardless of the nature or location of the customers with whom such distribution channels do business, and pursuant to terms and conditions we deem appropriate;

1.3.4 acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at the Vital Restoration Business, and franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of the businesses) are located or operating (including within the Development Area);

1.3.5 be acquired by a business providing products and services similar to those provided at the Vital Restoration Business, or by another business, even if such business operates franchises and/or licenses competitive businesses in the Development Area;

1.3.6 the right to operate other retail outlets or enter into other lines of businesses offering dissimilar products or services under trademarks or service marks other than the Marks; and

1.3.7 engage in all other activities not expressly prohibited by this Agreement.

1.4 BEST EFFORTS/BUSINESS ENTITY.

You must at all times faithfully, honestly and diligently perform your obligations and fully exploit the Development Rights during the Term and throughout the entire Development Area. You must perform all of your obligations under this Agreement, and you may not subcontract or delegate any of those obligations to any third parties. If you are at any time a corporation, a limited liability company, a general, limited, or limited liability partnership, or another form of business entity (collectively, an "**Entity**"), you agree and represent that:

1.4.1 your organizational documents, operating agreement, or partnership agreement will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions;

1.4.2 Exhibit 2 to this Agreement lists all of your owners and their interests in you and that you and your owners will sign and deliver to us a revised Exhibit 2 to reflect any permitted changes in the information that Exhibit 2 now contains;

1.4.3 such persons as we designate at any time during the Term, which may include each of your owners and their spouses, will execute an agreement, in the form set forth in Exhibit 3 to this Agreement, undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us;

1.4.4 the business that this Agreement contemplates and the Vital Restoration Businesses you operate under Franchise Agreements, will be the only businesses you operate (although your owners may have other, non-competitive business interests);

1.4.5 an individual whom we approve (the "**Managing Owner**") must directly or indirectly own at least 51% of the ownership interests in you and must devote an amount of his or her business time and efforts to the operation, promotion and enhancement of the business under this Agreement which is reasonable given your undertakings in this Agreement and in light of the business that this Agreement contemplates. The Managing Owner's name is listed on Exhibit 2; and

1.4.6 the Managing Owner is authorized to exercise the Development Rights and perform your other obligations under this Agreement on your behalf and to deal with us on your behalf in respect of all matters whatsoever which may arise in respect of this Agreement; any decision made by the Managing Owner will be final and binding upon you, and we will be entitled to rely solely upon the decision of the Managing Owner in any such dealings without the necessity of any discussions with any other party named in this Agreement as you; and we will not be held liable for any actions taken by you or otherwise, based upon any decision or actions of the Managing Owner.

2. EXERCISE OF DEVELOPMENT RIGHTS.

2.1 PROPOSED SITES FOR VITAL RESTORATION BUSINESSES.

You agree to give us all information and materials we request to assess each proposed Vital Restoration Business site as well as your and your proposed Affiliate's financial and operational ability to develop and operate each proposed Vital Restoration Business. We have the absolute right to disapprove any site and/or any Affiliate that does not meet these criteria. We agree to use our reasonable efforts to review and approve or disapprove the sites you propose within 30 days after we receive all requested information and materials. If we approve a proposed site, you or your approved Affiliate must sign a separate Franchise Agreement as described in Section 2.2. If you or your approved Affiliate fails to do so within a reasonable time after we approve the proposed site, we may withdraw our approval.

2.2 EXECUTION OF FRANCHISE AGREEMENTS.

Before signing this Agreement or simultaneously with signing this Agreement, you or approved Affiliate must sign and deliver to us a Franchise Agreement and related documents representing the first Franchise you are obligated to acquire under this Agreement. You or your approved Affiliate must thereafter open and operate a Vital Restoration Business according to the terms of that Franchise Agreement. Thereafter, once we have approved a site, and prior to signing a lease or to otherwise securing possession of the site, you or an approved Affiliate must sign our then-current form of Franchise Agreement and related documents, the terms of which may, with the exceptions provided hereunder, differ substantially from the terms contained in the Franchise Agreement in effect on the Effective Date. The Franchise Agreement will govern the development and operation of the Vital Restoration Business at the approved site identified therein.

2.3 DEVELOPMENT SCHEDULE.

Exhibit 1 to this Agreement sets forth the Development Area and the Development Schedule. Each period described in the Development Schedule is a "**Development Period**." You or your approved Affiliates must acquire

Franchises and open and operate Vital Restoration Businesses in the Development Area pursuant to the Franchise Agreements as necessary to satisfy with the requirements of the Development Schedule and each Development Period. The Development Schedule is not our representation, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, the number of Vital Restoration Businesses specified in the Development Schedule or during any particular Development Period. We are relying on your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations under each Development Period of the Development Schedule.

We will count a Vital Restoration Business toward the Development Schedule only if it actually is operating in the regular course within the Development Area and substantially complying with the terms of its Franchise Agreement as of the end of the Development Period. However, a Vital Restoration Business that is, with our approval or because of fire or other casualty, permanently closed during the last 90 days of a Development Period, after having been open and operating, will be counted toward the development obligations for the Development Period in which it closed, but not thereafter.

2.4 FAILURE TO COMPLY WITH DEVELOPMENT SCHEDULE.

Time is of the essence with respect to your agreement to comply with the Development Schedule. If you fail to comply with the Development Schedule as of the end of any Development Period, in addition to terminating this Agreement, as provided under Section 7, we may (but need not):

2.4.1 terminate the exclusivity of the rights granted under Section 1.2; and/or

2.4.2 reduce the Development Area to a lesser area that we determine.

2.5 RECORDS AND REPORTING.

You agree to provide us with the following records and reports:

2.5.1 within 7 days after the end of each month during the Term, you must send us a report of your business activities during that month, including information about your efforts to find sites for Vital Restoration Businesses in the Development Area and the status of development and projecting openings for each Vital Restoration Business under development in the Development Area;

2.5.2 within 28 days after the end of each calendar quarter, you must provide us with a balance sheet and profit and loss statement for you and your Affiliates covering that quarter and the year-to-date; and

2.5.3 within 60 days after the end of each calendar year, you must provide us with an annual profit and loss and source and use of funds statements and a balance sheet for you and your Affiliates covering the previous year.

Each of the foregoing shall be in the form and format that we reasonably specify, shall be delivered to us in the manner we specify, and shall be certified as correct by you or, if you are not a natural person, by your Managing Owner.

3. FEES.

3.1 YOUR INITIAL FEE TO US.

In addition to paying the initial franchise fee due under the first Franchise Agreement referenced in Section 2.2, you must pay us, on your execution of this Agreement and in consideration of the grant of the Development Rights, a nonrecurring and nonrefundable development fee (the "**Development Fee**") in an amount equal to one half the initial franchise fee multiplied by the number of Vital Restoration Businesses scheduled to open for operations under this Agreement (other than the first Vital Restoration Business). The Development Fee is fully earned by us when you and we sign this Agreement and is nonrefundable. We will apply the portion of the Development Fee paid with respect to a particular franchise as a credit against the initial franchise fee due under the Franchise Agreement which you or your Affiliates execute pursuant to this Agreement, to a maximum credit for all such Franchise Agreements, in the aggregate, equal to the total Development Fee.

3.2 METHOD OF PAYMENT.

All amounts payable by you pursuant to this Agreement will, unless otherwise directed in writing by us, be paid by way of certified check or bank draft delivered to us at the address set out herein or at such other place as we designate in writing.

4. CONFIDENTIAL INFORMATION.

In order to protect the confidentiality of the trade secrets and other confidential information forming a part of the System and system standards under which Vital Restoration Businesses are developed and operated (the "Franchise System"), you must not, during the Term or thereafter, disclose any trade secrets of the Franchise System whether or not same are marked or otherwise identified by us as being confidential, to any party other than your employees on a need to know basis and in circumstances of confidence. You must not, during the Term and thereafter, make use of, copy or disclose to any party any trade secrets, confidential materials and other confidential information furnished by or on behalf of us to you pursuant to this Agreement, except to the extent necessary to exercise the Development Rights or as permitted under Franchise Agreements, and then only in circumstances of confidence and in accordance with the obligations set forth in the Franchise Agreements. All such confidential materials and other information will at all times remain our sole property and must promptly be returned to us upon the termination or expiration of this Agreement.

5. EXCLUSIVE RELATIONSHIP DURING TERM.

5.1 COVENANTS AGAINST COMPETITION.

Therefore, during the Term of this Agreement, neither you, nor any owner, nor any member of your or your owners' immediate family members shall:

5.1.1 have any direct or indirect interest as an owner in a Competitive Business (defined below), wherever located or operating (excluding an equity ownership of less than 1% of a publicly-traded company);

5.1.2 perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating; or

5.1.3 divert or attempt to divert any actual or potential business customer of the Vital Restoration Business to a Competitive Business. The term "Competitive Business" means any business (other than a Vital Restoration Business) that operates, or grants franchises or licenses to others to operate, a restoration business or other business providing restoration, construction, or other mitigation of physical loss services following fire, water or mold damage. You agree to obtain similar covenants from the personnel we specify, including officers, directors, and other employees having access to Confidential Information and have each such individual sign the a confidentiality and non-competition agreement in the form attached as Exhibit 4. We have the right to modify the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

5.2 NON-SOLICITATION AND NON-INTERFERENCE.

You further agree that, during the Term, neither you, your Affiliates, nor any of your or their owners or the immediate family members of the foregoing will:

5.2.1 without obtaining the employer's or former employer's prior written permission, recruit or hire any person who is then or was, within the immediately preceding 24 months, employed by us, any of our affiliates, or a franchise owner as:

5.2.1.1 a general manager or assistant manager at any Vital Restoration Business;

5.2.1.2 a district or regional manager or any other such person having responsibility for overseeing or supervising the operation of multiple Vital Restoration Businesses; or

5.2.1.3 any of our or our affiliates' officers; or

5.2.2 interfere with the relationships we have from time to time with vendors, suppliers or consultants; or

5.2.3 engage in any other activity which might injure the goodwill of the Marks and/or the Franchise System.

5.3 INNOVATIONS.

All improvements and/or techniques and/or information with respect to the grant or exercise of Development Rights or with respect to the Franchise System that you or your employees prepare or develop during the Term and relating to the business operated hereunder, whether developed separately or in conjunction with us will be deemed to be modifications and/or changes to the Franchise System, all of which will be deemed to be owned by us.

6. TRANSFER.

6.1 SALE OR ENCUMBRANCE.

You acknowledge that we have granted you the rights pursuant to this Agreement based upon, among other things, the character, background and other qualifications and abilities personal to you or, if applicable, your owners. Accordingly, you hereby agree that you will not sell, assign, transfer, donate or otherwise deal with ownership interests in you or with this Agreement, the Development Rights or all or any part of the business operated under this Agreement (each a "**Sale**"), to any person or Entity (hereinafter referred to specifically in this Section 6 as the "**Recipient**") without our prior written consent. You further agree that you will not enter into any proposed mortgage, pledge, hypothecation, encumbrance or giving of a security interest in or which affects the Development Rights and your other rights under this Agreement (a "**Security Interest**") without our prior written consent. The Development Rights may not be transferred separate and apart from the entirety of this Agreement, and a proposed transfer of this Agreement may not be made separately from or independently of a transfer to the same Recipient of all of the Franchise Agreements (and the Vital Restoration Businesses operated pursuant thereto) executed pursuant to this Agreement.

We may withhold our consent to a Sale or grant of a Security Interest for any reason, and we will not be required to consider a proposed Sale or Security Interest unless you comply with the following requirements either at the time the request is made or, if applicable, by the completion of the Sale or grant of the Security Interest:

6.1.1 with respect to any proposed Sale:

6.1.1.1 you must submit an application in writing to us requesting our consent. Such application must set out:

6.1.1.1.1 the exact terms of the proposed Sale and a copy of a duly signed bona fide written offer;

6.1.1.1.2 information relating to the business reputation and qualifications of the Recipient to carry on business;

6.1.1.1.3 suitable credit and financial information of the Recipient to allow us to make a reasonable decision as to the credit worthiness and financial position of the Recipient and such information will include as an appendix thereto, a personal net worth statement of the Recipient or in the event the Recipient is an Entity, a personal net worth statement of its controlling shareholder(s) or member(s);

6.1.1.1.4 such other information as you may have knowledge and would reasonably be considered of a relevant nature to us in determining whether or not to grant our consent, and

6.1.1.1.5 such other information as we may require;

6.1.1.2 the Recipient must arrange for and successfully complete to our satisfaction, all or such training in the operations of the area development business and operations of a Vital Restoration Business, at its or your sole expense, as we deem necessary;

6.1.1.3 the Recipient and its immediate family members (and, if it is not a natural person, its owners and immediate family members of its owners) must not have an interest or be engaged in activities which would violate the restrictions regarding Competitive Businesses as described in Section 5;

6.1.1.4 the Recipient must enter into any and all agreements and covenants (including a new area development agreement) which we are then requiring of new area developers, and if the Recipient is an Entity, the Recipient must provide such personal guarantees or other assurances of its shareholders or members or others as we may require;

6.1.1.5 you must have discharged and/or satisfied all of your obligations (financial or otherwise) to us and our affiliates incurred in connection with the business operated under this Agreement, as of the date of the completion of the said Sale;

6.1.1.6 you, and if you are an Entity, your partners, officers, directors, shareholders or members, will execute and deliver to us and our officers, directors, shareholders, employees and our and their heirs, executors, administrators, successors and assigns, a general release in a form approved by us, releasing us and the aforementioned from all claims, demands, liabilities, actions, damages, costs or expenses which you and any of your officers, directors, shareholders or members and your heirs, executors, administrators, successors and assigns, may have as a result of this Agreement, the business operated hereunder, or the relationship between you and us created by this Agreement;

6.1.1.7 you must pay all of our expenses incurred in connection with the Sale, whether or not such Sale is completed;

6.1.1.8 you must pay to us, an amount equal to twenty-five percent (25%) of the purchase price plus all of our expenses; and

6.1.1.9 we must first agree, in writing, on the date of the completion of the Sale with respect to any proposed grant of a Security Interest:

6.1.1.9.1 you must submit an application in writing to us, requesting our consent. Such application must set out the proposed business terms and any security to be given by you, and must include a copy of any loan agreements, security agreements or other documents proposed to be executed by or on your behalf;

6.1.1.9.2 the purpose of the giving of such security must be to obtain financing for use in the business operated hereunder; and

6.1.1.9.3 you may not at the time of giving any security be in default of any of the terms and conditions of this Agreement.

6.2 FIRST RIGHT OF REFUSAL.

Notwithstanding anything contained in this Section 6, in the event you make or receive (and intend to accept) an offer of Sale, without in any way derogating from our right to grant or not grant our consent thereto, we will have the option, to be exercised by notice in writing delivered to you within 30 days of receipt of your application referred to in Section 6.1.1.1 hereof, to acquire the said rights and the business operated hereunder upon the same terms and conditions as set out in the said application except as provided hereinafter. If we exercise our option, we will complete the Sale upon the same terms and conditions as set out in the said application save and except that we will be entitled to deduct from the purchase price (i) the amount of any sales or other commissions (if any) which would have been payable by you had the Sale been completed with the Recipient and (ii) an amount equal to that amount to which we are entitled pursuant to Section 6.1.1.8 hereof, and save and except we will have the right to substitute cash for any other form of consideration specified in the offer accompanying the application and the right to pay in full, the entire amount of the purchase price at the time of closing. If we do not exercise our option, we may then, in our discretion, determine if we will consent to the proposed Sale to the Recipient; we will notify you of our decision within 30 days of receipt of said application. The sale, assignment, transfer, donation or other dealing must be completed within 60 days of the receipt by us of your original application, failing which, you must again make application to us in the manner set out in Section 6.1.1.1 hereof, and in all such events the provisions of this Section 6.2 will apply anew, and such procedure will continue to be repeated so often as you desire to complete any Sale. If we do not notify you of our intention to consent within such 30-day period, we will be deemed not to have given our consent.

6.3 DEATH OR DISABILITY.

Upon your or your Managing Owner's death or disability, your or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Managing Owner's ownership interest in you, to a third party (which may be your or the Managing Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed 9 months from the date of death or disability, and will be treated as a Sale for all purposes set forth in this Section 6. None of your obligations under this Agreement will be suspended or otherwise affected during this time. A failure to transfer your interest in this Agreement or the Managing Owner's ownership interest in you within this time period is a breach of this Agreement. The term "**disability**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the Managing Owner from supervising the management and operation of your business related to this Agreement. In any event, your business related to this Agreement shall at all times be managed by a person who has arranged for and successfully completed to our satisfaction, all or such training in the operations of the area development business and a Vital Restoration Business, at his or your sole expense, as we deem necessary.

6.4 PUBLIC OR PRIVATE OFFERINGS.

You acknowledge that the publication or dissemination of written information used to raise or secure funds can reflect upon us and the Franchise System. Therefore, you acknowledge and agree that you may not engage in a public offering of securities without our prior written consent. If you desire to request that we consent to any such event, you must submit any written information intended to be used for that purpose to us before inclusion in any registration statement, prospectus or similar offering memorandum. Should we object to any reference to us or our affiliates or any of our business in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are withdrawn or resolved.

7. TERMINATION OF AGREEMENT.

7.1 EVENTS OF TERMINATION.

Notwithstanding anything otherwise contained in this Agreement, we will have the right to terminate this Agreement at any time and without notice, upon the happening of any one or more of the following events:

7.1.1 if default is made in the payment of any amount payable under this Agreement or any Franchise Agreement with us when and as same becomes due and payable, and such default continues for a period of 5 days after written notice thereof has been given by us to you;

7.1.2 if you cease or threaten to cease to carry on the business granted to you under this Agreement, or take or threaten to take any action to liquidate your assets, or if you do not pay any debts or other amounts incurred by you in operating the business hereunder when such debts or amounts are due and payable;

7.1.3 if you fail comply with the Development Schedule;

7.1.4 if you make or purport to make a general assignment for the benefit of creditors; or if you hereto institute any proceeding under any statute or otherwise relating to insolvency or bankruptcy, or should any proceeding under any such statute or otherwise be instituted against you; or if a custodian, receiver, manager or any other person with like powers is appointed to take charge of all or any part of the business granted hereunder or of the shares or documents of title owned by any of your shareholders or title holders; or if you commit or suffer any default under any contract of conditional sale, mortgage or other security instrument in respect of the business being operated hereunder or of the shares or documents of title owned by any of your shareholders or title holders; or if any of your goods, chattels or assets or of the business are seized or taken in execution or in attachment by a creditor, or if a writ of execution is issued against any of such goods, chattels, or assets; or if a judgment or judgments for the payment of money in amounts, is rendered by any court of competent jurisdiction against you;

7.1.5 if you fail to furnish reports, financial statements, tax returns or any other documentation required by the provisions of this Agreement;

7.1.6 if you are an Entity:

7.1.6.1 if an order is made or a resolution passed or any proceedings taken towards your winding up or liquidation or dissolution or amalgamation; or

7.1.6.2 if you lose your charter by expiration, forfeiture or otherwise;

7.1.7 if you have made any material misrepresentation or omission in your application and the documents and other information provided to us to support your application to acquire the rights granted in this Agreement;

7.1.8 if you transfer or attempt to transfer any interest in the business operated hereunder, you, or this Agreement, without complying with the transfer provisions contained in Section 6;

7.1.9 if you (or any of your owners) are convicted of or plead guilty or "no-contest" to a felony or any crime or other offense likely to adversely affect the reputation of Vital Restoration Businesses or the goodwill of the Marks, or if you (or any of your owners) engage in any conduct which, in our opinion, adversely affects or, if you were to continue as a multi-unit developer under this Agreement, is likely to adversely affect the reputation of the business you conduct pursuant this Agreement, the reputation and goodwill of Vital Restoration Businesses generally or the goodwill associated with the Marks;

7.1.10 if you (or any of your owners):

7.1.10.1 fail on 3 or more separate occasions within any 12-consecutive months to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or

7.1.10.2 fail on 2 or more separate occasions within any 6-consecutive months to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our deliver of notice to you; or

7.1.11 if you or your Affiliates fail to comply with any provision of any Franchise Agreement and do not cure such failures within the applicable cure period, if any;

7.1.12 if any Franchise Agreement or any other agreement, including management agreement, between you (or an Affiliate) and us (or our affiliate) is terminated for any reason, or

7.1.13 if you fail to observe, perform or comply with any other of the terms or conditions of this Agreement not listed in items (1) through (12) above, and such failure continues for a period of 7 days after written notice thereof has been given by us to you;

7.2 <u>EFFECTS OF TERMINATION.</u>

7.2.1 **<u>Effects</u>**. Upon the termination of this Agreement for any reason whatsoever, the following provisions apply:

7.2.1.1 all of your rights under this Agreement, including without limitation, the Development Rights, will cease, and thereafter you must cease conducting the business granted hereunder or holding yourself out to the public as being a developer of a Vital Restoration Business;

7.2.1.2 you must deliver to us, all forms, documents, or information provided to you pursuant to this Agreement together with all copies thereof; and

7.2.1.3 without limiting any other rights or remedies to which we may be entitled, you must pay all amounts owing to us pursuant to this Agreement up to the date of termination.

7.3 <u>COVENANT NOT TO COMPETE / NON-SOLICITATION.</u>

7.3.1 **<u>Non-Competition</u>**. Upon termination or expiration of this Agreement, you and your owners agree that, for 3 years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section 7.3 begin to comply with this Section 7.3, whichever is later, neither you nor your Affiliates, nor any of your or their owners (or your or their immediate family members) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 5 above) located or operating within the Development Area.

These restrictions also apply after transfers, as provided in Section 6 above. If any person restricted by this Section 7 refuses voluntarily to comply with these obligations, the 2-year period for that person will commence with the entry of a court order enforcing this provision. You expressly acknowledge that you, your Affiliates, your and their owners and the immediate family members of each possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 7 will not deprive you or them of any personal goodwill or ability to earn a living.

7.3.2 **Non-Solicitation**. You further agree that, for two (2) years beginning on the effective date of termination or expiration, neither you nor any of your owners (or their immediate family members) will:

7.3.3 recruit or hire any person who is then or was, within the immediately preceding 24 months, employed by us, any of our affiliates, or a franchise owner as

7.3.3.1 a general manager or assistant manager at any Vital Restoration Business;

7.3.3.2 a district or regional manager or any other such person having responsibility for overseeing or supervising the operation of multiple Vital Restoration Businesses; or

7.3.3.3 any of our or our affiliates' officers; or

7.3.4 interfere or attempt to interfere with our or our affiliates' relationships with any vendors or consultants; or

7.3.5 engage in any other activity which might injure the goodwill of the Marks and/or the Franchise System.

If you fail to comply with paragraph 7.3.3 above, you agree to pay us an amount equal to 200% of the annual salary of such person.

7.4 SURVIVAL OF COVENANTS.

Notwithstanding the termination or other expiration of this Agreement for any reason whatsoever, or any Sale, all covenants and agreements to be performed and/or observed by you will survive any such termination, expiration or Sale.

8 RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

8.1 INDEPENDENT CONTRACTORS.

We and you hereby acknowledge and agree that each of us is an independent contractor, that neither of us is considered to be the agent, representative, master or servant of the other for any purpose whatsoever, and that neither of us has any authority to enter into any contract, to assume any obligations or to give any warranties or representations on behalf of the other. Nothing in this Agreement may be construed to create a relationship of partners, joint venturers, fiduciaries, agency or any other similar relationship between us and you.

8.2 INDEMNIFICATION.

WE WILL NOT ASSUME ANY LIABILITY OR BE DEEMED LIABLE FOR ANY AGREEMENTS, REPRESENTATIONS, OR WARRANTIES YOU MAKE THAT ARE NOT EXPRESSLY AUTHORIZED UNDER THIS AGREEMENT, NOR WILL WE BE OBLIGATED FOR ANY DAMAGES TO ANY PERSON OR PROPERTY DIRECTLY OR INDIRECTLY ARISING OUT OF THE OPERATION OF THE BUSINESS YOU CONDUCT PURSUANT TO THIS AGREEMENT, WHETHER OR NOT CAUSED BY EITHER PARTY'S NEGLIGENT OR WILLFUL ACTION OR FAILURE TO ACT. WE WILL HAVE NO LIABILITY FOR ANY SALES, USE, EXCISE, INCOME, GROSS RECEIPTS, PROPERTY,

OR OTHER TAXES LEVIED AGAINST YOU OR YOUR ASSETS OR ON US IN CONNECTION WITH THE BUSINESS YOU CONDUCT, OR ANY PAYMENTS YOU MAKE TO US PURSUANT TO THIS AGREEMENT OR ANY FRANCHISE AGREEMENT (EXCEPT FOR OUR OWN INCOME TAXES). YOU WILL PROVIDE US TIMELY NOTICE OF CUSTOMER AND EMPLOYEE CLAIMS AND SUBMISSIONS TO YOUR INSURANCE CARRIERS. YOU AGREE TO INDEMNIFY, DEFEND, AND HOLD HARMLESS US, OUR AFFILIATES, AND OUR AND THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS, AND ASSIGNEES (THE "INDEMNIFIED PARTIES") AGAINST, AND TO REIMBURSE ANY ONE OR MORE OF THE INDEMNIFIED PARTIES FOR, ALL CLAIMS, OBLIGATIONS, AND DAMAGES DIRECTLY OR INDIRECTLY ARISING OUT OF YOUR VITAL RESTORATION BUSINESS' OPERATION, THE BUSINESS YOU CONDUCT UNDER THIS AGREEMENT, OR YOUR BREACH OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE ALLEGED TO BE CAUSED BY THE INDEMNIFIED PARTY'S NEGLIGENCE, UNLESS (AND THEN ONLY TO THE EXTENT THAT) THE CLAIMS, OBLIGATIONS, OR DAMAGES ARE DETERMINED TO BE CAUSED SOLELY BY OUR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN A FINAL, UNAPPEALABLE RULING ISSUED BY A COURT WITH COMPETENT JURISDICTION. FOR PURPOSES OF THIS INDEMNIFICATION, "CLAIMS" INCLUDE ALL OBLIGATIONS, DAMAGES (ACTUAL, CONSEQUENTIAL, OR OTHERWISE), AND COSTS THAT ANY INDEMNIFIED PARTY REASONABLY INCURS IN DEFENDING ANY CLAIM AGAINST IT, INCLUDING, WITHOUT LIMITATION, REASONABLE ACCOUNTANTS', ARBITRATORS', ATTORNEYS', AND EXPERT WITNESSES' FEES, COSTS OF INVESTIGATION AND PROOF OF FACTS, COURT COSTS, TRAVEL AND LIVING EXPENSES, AND OTHER EXPENSES OF LITIGATION, ARBITRATION, OR ALTERNATIVE DISPUTE RESOLUTION, REGARDLESS OF WHETHER LITIGATION, ARBITRATION, OR ALTERNATIVE DISPUTE RESOLUTION IS COMMENCED. EACH INDEMNIFIED PARTY MAY DEFEND ANY CLAIM AGAINST IT AT YOUR EXPENSE AND AGREE TO SETTLEMENTS OR TAKE ANY OTHER REMEDIAL, CORRECTIVE, OR OTHER ACTIONS. THIS INDEMNITY WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING THIS AGREEMENT'S EXPIRATION OR TERMINATION. AN INDEMNIFIED PARTY NEED NOT SEEK RECOVERY FROM ANY INSURER OR OTHER THIRD

PARTY, OR OTHERWISE MITIGATE ITS LOSSES AND EXPENSES, IN ORDER TO MAINTAIN AND RECOVER FULLY A CLAIM AGAINST YOU UNDER THIS SECTION. YOU AGREE THAT A FAILURE TO PURSUE A RECOVERY OR MITIGATE A LOSS WILL NOT REDUCE OR ALTER THE AMOUNTS THAT AN INDEMNIFIED PARTY MAY RECOVER FROM YOU UNDER THIS SECTION. NOTHING HEREIN SHALL BE DEEMED TO IMPOSE ON FRANCHISEE A DUTY TO INDEMNIFY US FOR ACTIONS OF US WHICH VIOLATE OUR OBLIGATIONS TO YOU HEREUNDER.

9 ENFORCEMENT.

9.1 ARBITRATION.

THIS AGREEMENT EVIDENCES A TRANSACTION INVOLVING COMMERCE AND, THEREFORE, THE FEDERAL ARBITRATION ACT, TITLE 9 OF THE UNITED STATES CODE IS APPLICABLE TO THE SUBJECT MATTER CONTAINED HEREIN. EXCEPT FOR CONTROVERSIES OR CLAIMS RELATING TO THE OWNERSHIP OF ANY AND ALL OF FRANCHISOR'S INTELLECTUAL PROPERTY RIGHTS, INCLUDING, BUT NOT LIMITED TO, FRANCHISOR'S MARKS, COPYRIGHTS OR THE UNAUTHORIZED USE OR DISCLOSURE OF FRANCHISOR'S CONFIDENTIAL INFORMATION, COVENANTS AGAINST COMPETITION AND OTHER CLAIMS FOR INJUNCTIVE RELIEF, ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR TO ANY OTHER AGREEMENTS BETWEEN THE PARTIES, OR WITH REGARD TO INTERPRETATION, FORMATION OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES, SHALL BE SETTLED BY BINDING ARBITRATION CONDUCTED IN SAN MATEO COUNTY, CALIFORNIA, IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION THEN IN EFFECT. THE PROCEEDINGS WILL BE HELD BY A SINGLE ARBITRATOR AGREED UPON BY THE PARTIES OR OTHERWISE APPOINTED BY THE SUPERIOR COURT FOR THE STATE OF CALIFORNIA AND LOCATED IN SAN MATEO COUNTY, CALIFORNIA. THE DECISION OF THE ARBITRATOR WILL BE FINAL AND BINDING UPON THE PARTIES. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING PERSONAL AND SUBJECT MATTER JURISDICTION.

FRANCHISEE ACKNOWLEDGES THAT IT HAS READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND AFFIRMS THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS OR UNDUE INFLUENCE ON THE PART OF FRANCHISOR OR ANY OF FRANCHISOR'S AGENTS OR EMPLOYEES.

9.2 WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 8.2, AND EXCEPT FOR PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AVAILABLE TO EITHER PARTY UNDER UNITED STATES FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR

COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.

9.3 INJUNCTIVE RELIEF.

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us, the Marks, and/or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

9.4 LIMITATION OF CLAIMS.

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE TO US PURSUANT TO THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A ARBITRATION ACTION IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING SUCH CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH CLAIMS.

THE PARTIES AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS.

10 MISCELLANEOUS.

10.1 JOINT AND SEVERAL OBLIGATION.

If either you or we are comprised of more than one individual, or Entity, the obligations of each such individual and Entity will be joint and several.

10.2 SEVERABILITY.

If for any reason whatsoever, any term or condition of this Agreement is, to any extent declared to be invalid or unenforceable, all other terms and conditions of this Agreement, other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term and condition of this Agreement will be separately valid and enforceable to the fullest extent permitted by law.

10.3 NO WARRANTY OR REPRESENTATION.

You hereby acknowledge that we and our agents, affiliates, officers, directors, shareholders, employees and other representatives have not made or given to you any warranties, representations, undertakings, commitments, covenants or guarantees respecting the subject matter of this Agreement except as expressly stated in this Agreement, and specifically without limiting the generality of the foregoing, you hereby acknowledge and agree that we and our agents, affiliates, officers, directors, shareholders, employees and other representatives have not made or given any warranty, representation, undertaking, commitment, covenant or guarantee in respect of sales or profit to be derived or costs or expenses to be incurred by you and that you are not relying upon any warranties, representations, undertakings, commitments, covenants or guarantees of us and our officers, directors, shareholders, employees and other representatives except as provided in this Agreement.

10.4 NOTICE.

All notices, consents, approvals, statements, documents or other communications required or permitted to be given hereunder must be in writing, and must be delivered personally or mailed by registered mail, postage prepaid, to the said parties at their respective addresses set forth hereunder, namely:

To us at:	Vital Restoration Franchising, Inc. 6 South Linden Ave., Suite 9 South San Francisco, CA 94080 Attn: Sal Vitalie
To you at:	____ ____ ____

or at any such other address or addresses as the party to whom such notice, consent approval, statement, documentation or other communication is to be given, may designate by notice in writing so given to the other parties hereto as provided hereinbefore. If any one of the said parties is comprised of more than one person or Entity, any notice, consent, approval, statement, document or other communication may be given by or to any one thereof, and it will have the same force and effect as if given by or to all thereof. Any notices, consents, approvals, statements, documents or other communications, if mailed will be deemed to have been given on the second business day (except Saturdays and Sundays) following such mailing, or, if delivered personally, will be deemed to have been given on the day of delivery.

10.5 HEADINGS.

Headings preceding the text, sections and subsections hereof have been inserted solely for convenience of reference and will not be construed to affect the meaning, construction or effect of this Agreement.

10.6 APPLICABLE LAW.

This Agreement will be construed and interpreted under the laws of the State where the development territory is located, without regard to its conflicts of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.).

10.7 TIME OF ESSENCE.

Time is of the essence of this Agreement and of each and every part hereof.

10.8 WAIVER.

The waiver by either you or us, of a breach of any term or condition contained in this Agreement will not be deemed to be a waiver of such term or condition or any subsequent breach of the same or any other term or condition herein contained unless such waiver is expressly set forth in writing. Our failure to exercise any right of ours to demand your exact compliance, nor any custom of practice of you and us at variance with the terms and conditions of this Agreement will constitute a waiver of our right to demand exact compliance with the terms and conditions hereof. Our subsequent acceptance of any amount payable hereunder, will not be deemed to be a waiver of any preceding breach of any term or condition of this Agreement, other than the failure to pay the particular amount so accepted, regardless of our knowledge of such preceding breach at the time of acceptance of such amount.

10.9 ASSIGNMENT BY US.

In the event of a sale, transfer or assignment by us of our interest in this Agreement or any interest herein, to the extent that the purchaser or assignee assumes our covenants and obligations under this Agreement, we will thereupon and without further agreement, be freed and relieved of all liabilities with respect to such covenants and obligations. In no event will anything, including without limitation, anything contained in this Agreement, prevent us from selling, transferring or assigning any interest we may have in the Franchise System and/or the Marks or any part thereof, and notwithstanding we have no obligations to you under or pursuant to this Agreement, if for any reason it is determined otherwise by a governmental authority, legislative act, court of competent jurisdiction or in any other manner whatsoever, upon completion of any such sale, transfer or assignment, we will be freed and relieved of all your liability whatsoever.

10.10 AGREEMENT EFFECTIVE.

This Agreement shall not be effective until accepted by us as evidenced by dating and signing by an officer or other duly authorized representative of ours. Notwithstanding that this Agreement shall not be effective until signed by us, we reserve the right to make the effective date of this Agreement the date on which you signed the Agreement.

10.11 FURTHER ASSURANCES.

You and we agree to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and bylaws enacted, exercise our vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

10.12 ENTIRE AGREEMENT.

This Agreement and all schedules attached hereto constitute the entire agreement of the parties hereto and all prior negotiations, commitments, representations, warranties, agreements and undertakings made prior hereto are hereby merged. There are no other inducements, representations, warranties, agreements, undertakings, or promises, (oral or otherwise) among you and us relating to the subject matter of this Agreement. No subsequent alteration, amendment, change or addition to this Agreement or any schedules will be binding upon the parties hereto unless reduced to writing and signed by us and you or our and your respective heirs, executors, administrators, successors or assigns. Nothing contained herein shall be deemed a waiver of any right you may have to rely on the franchise disclosure document.

10.13 LAWFUL ATTORNEY.

Notwithstanding anything otherwise contained in this Agreement, if you do not execute and deliver any documents or other assurances so required of you pursuant to this Agreement and/or if we take over the management or operation of the business operated hereunder on your behalf for any reason, you hereby irrevocably appoint us as your lawful attorney with full power and authority, to execute and deliver in your name any such documents and assurances, and/or to manage or operate the business on your behalf, and/or to do all other acts and things, all in such discretion as we may desire, and you hereby agree to ratify and confirm all of our acts as your lawful attorney and to indemnify and save us harmless from all claims, liabilities, losses, or damages suffered in so doing.

10.14 ACKNOWLEDGMENTS.

You acknowledge and agree that you have conducted an independent investigation of all aspects relating to the business being granted hereunder and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your skills and ability as an independent business person or organization. You acknowledge that you have received, read and understand this Agreement, the attachments hereto and agreements relating hereto, and that we have accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

10.15 BINDING AGREEMENT.

This Agreement will inure to the benefit of and be binding upon us and our successors and assigns and will be binding upon you and your heirs, executors, administrators, successors and authorized assigns.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective as of the Effective Date.

VITAL RESTORATION FRANCHISING, INC., a California corporation

AREA DEVELOPER
(if a corporation, limited liability or partnership):

By:____

Title:____

*Date:____
*(This is the Effective Date)

____
[Name]

By:_____________________________________
[Name]

Title:___________________________________

Dated:__________________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

Dated:__________________________________

____
[Signature]

____
[Print Name]

Dated:__________________________________

EXHIBIT 1

DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1. The Development Area is as described on the map attached hereto. If the Development Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

2. The Development Schedule is as follows:

UNIT NUMBER	DATE FOR FRANCHISE AGREEMENT	DATE FOR UNIT OPENING	CUMULATIVE TOTAL OF OPEN UNITS BY OPENING DATE

DEVELOPMENT AREA

(ATTACH MAP)

VITAL RESTORATION FRANCHISING, INC., a California corporation

By:___________________________________

Title:_________________________________

Date:_________________________________

AREA DEVELOPER
(if a corporation, limited liability or partnership):

____
[Name]

By:_______________________________
[Name]

Title:______________________________

Dated:_____________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

Dated:_____________________________

____
[Signature]

____
[Print Name]

Dated:_____________________________

EXHIBIT 2

OWNERS AND MANAGING OWNER

Effective Date: This Exhibit 2 is current and complete as of _____________, 20__

1. **Business Form of Developer**.

(a) **Individual Proprietorship**. Your owner(s) (is) (are) as follows:

____
____
____

(b) **Corporation, Limited Liability Company or Partnership**. You were incorporated or formed on _________________, 20__, under the laws of the State of ______________. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and ______________________. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	Position(s) Held

2. **Owners**. The following list includes the full name of each person who is one of your owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

Owner's Name	Description and Percentage of Interest

3. **Managing Owner**. The Managing Owner is ___________________________.

VITAL RESTORATION FRANCHISING, INC., a California corporation

By:____

Title:____

Date:____

AREA DEVELOPER
(if a corporation, limited liability or partnership):

____
[Name]

By:____________________________________
[Name]

Title:__________________________________

Dated:_________________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

Dated:_________________________________

____
[Signature]

____
[Print Name]

Dated:_________________________________

EXHIBIT 3

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of ______________, 20__, by the persons indicated below who have executed this Agreement.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (the "**Agreement**") on this date by Vital Restoration Franchising, Inc., a California corporation ("**we**," "**us**," or "**our**"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that ____________________________ ("**Developer**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Developer and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Developer or its owners, and for so long as we have any cause of action against Developer or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Developer, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each of the undersigned acknowledges and represents that he or she has had an opportunity to review the Agreement and agrees that the provisions of Article 9 are incorporated, by reference, into and shall govern this Guaranty and Assumption of Obligations and any disputes between the undersigned and us. Nonetheless, each of the undersigned agrees that we may also enforce this Guaranty and Assumption of Obligations and awards in the courts of the state or states in which he or she is domiciled.

Each of the undersigned represents and warrants that, if no signature appears below for such undersigned's spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S):

Signature:___________________________________

Print Name:_________________________________

Date: ______________________________________

Signature:___________________________________

Print Name:_________________________________

Date: ______________________________________

Signature:___________________________________

Print Name:_________________________________

Date: ______________________________________

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

________________________________	________________________________
Name of Guarantor	Name of Guarantor
________________________________	________________________________
Name of Guarantor's Spouse	Name of Guarantor's Spouse
________________________________	________________________________
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse

EXHIBIT 4

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This "Agreement" is made and entered into as of this _ day of ______________________________, 20 ________, by and among Area Developer, Covenantor and **VITAL RESTORATION FRANCHISING, INC.**, a California corporation ("Franchisor").

"Area Developer": ____

"Covenantor": ________________________________, being [an employee of Area Developer who will have access to Confidential Information], [an officer], or [a director] of Area Developer.

Address of Covenantor :____

____

____

PREAMBLES.

Franchisor has executed or intends to execute an "Area Development Agreement" with Area Developer under which Franchisor grants to Area Developer certain rights with regard to establishing multiple Vital Restoration Businesses (each, a "Vital Restoration Business"). Before allowing Covenantor to have access to the Confidential Information and as a material term of the Area Development Agreement necessary to protect Franchisor's confidential and proprietary information and trade secrets authorized or required by Franchisor from time to time for use in the establishment and operation of Area Developer's Vital Restoration Businesses. and Franchisor's proprietary rights in and Area Developer's right to use the Confidential Information, Franchisor and Area Developer require that Covenantor enter into this Agreement.

As a condition of Covenantor's employment or continued employment with Area Developer or Covenantor's appointment as a director or officer of Area Developer and to induce Franchisor to enter into the Franchise Agreement, Covenantor agrees to enter into this Agreement. Due to the nature of Franchisor's and Area Developer's business, any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Area Developer substantial harm.

DEFINITIONS.

Certain terms that are capitalized in this Agreement are defined in this section or at the places they first appear.

The term "Competitive Business" as used in this Agreement means any business (other than a Vital Restoration Business) that operates, or grants franchises or licenses to others to operate, a restoration business or other business offering restoration or construction services to restore, clean, repair or mitigate physical damage following fire, flood, mold or water damage.

The term "Confidential Information" as used in this Agreement means certain confidential and proprietary information relating to the development and operation of the Vital Restoration Businesses which includes, but is not limited to: (1) site selection criteria; (2) methods for efficiently and cost-effectively providing these services sold at Vital Restoration Businesses; (3) methods of operating Vital Restoration Businesses; (4) Franchisor's proprietary Vital Restoration System; (5) knowledge of sales and profit performance of any one or more of the Vital Restoration Businesses; (6) knowledge of test programs, market research results, concepts or results relating to the restoration business; sources of products; and advertising, marketing and promotional programs; (7) Vital Restoration Businesses' image or decor; (8) procedures and methods for the selection and training of Vital Restoration Business personnel; (9) knowledge of, specifications for, and suppliers of, operating assets, furniture, fixtures, equipment, and other products and supplies; (10) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of Vital Restoration Businesses; and (11) training materials, operations manuals, and other manuals, including those providing methods of training Vital Restoration Business employees.

PROTECTION OF CONFIDENTIAL INFORMATION.

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform his or her duties on behalf of Area Developer taking into consideration the confidential nature of the Confidential Information. Covenantor may disclose the Confidential Information only as agent for Area Developer. Covenantor acknowledges and agrees that neither Covenantor nor any other person or entity will acquire any interest in or right to use the Confidential Information under this Agreement or otherwise other than the right to utilize it as authorized in this Agreement and that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Area Developer and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and/or other Vital Restoration Businesses owned by Franchisor, area developers or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, he or she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or in written form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement, the restrictions on Covenantor do not apply to (a) disclosure or use of information, methods, or techniques which are generally known and used in the industry (as long as the availability is not because of a disclosure by Covenantor or Covenantor's agents, and such disclosure or use is not otherwise prohibited by this Agreement), provided that Covenantor has first given Franchisor written notice of his or her intended disclosure and/or use; and (b) disclosure of the Confidential Information in legal proceedings when Covenantor is legally required to disclose it, provided that Covenantor has first given Franchisor the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to Franchisor that the information required to be disclosed will be treated confidentially.

IN-TERM RESTRICTIVE COVENANT.

Covenantor acknowledges and agrees that Franchisor and Area Developer would be unable to protect the Confidential Information against unauthorized use or disclosure and Franchisor would be unable to achieve a free exchange of ideas and information among Vital Restoration Businesses if persons authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses. Covenantor therefore agrees that for as long as Covenantor is (a) a director or officer of Area Developer, or (b) an employee of Area Developer who will have access to Confidential Information, neither Covenantor nor Covenantor's spouse shall have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business. Covenantor further acknowledges that the restrictions contained in this Section will not hinder his or her activities or those of members of his of her immediate family under this Agreement or in general.

RESTRICTIVE COVENANT UPON TERMINATION OR EXPIRATION OF THE FRANCHISE AGREEMENT OR COVENANTOR'S ASSOCIATION WITH AREA DEVELOPER.

Upon the first to occur of: (a) termination or expiration without renewal of the Franchise Agreement; or (b) the date as of which Covenantor is neither (i) a director, officer, general partner or managing member of Area Developer or (ii) an employee of Area Developer who will have access to Confidential Information (each of these events is referred to as a "Termination Event"), Covenantor agrees that for a period of two (2) years commencing on the effective date of a Termination Event, neither Covenantor nor Covenantor's spouse shall have any direct or indirect interest as a disclosed or beneficial owner in, or assist or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for, a Competitive Business located or operating within the Area Developer's development territory described on Exhibit 1.

SURRENDER OF DOCUMENTS.

Covenantor agrees that as of the effective date of a Termination Event, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Area Developer or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

COSTS AND ATTORNEYS' FEES.

In the event that Franchisor or Area Developer is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Area Developer if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

WAIVER.

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

SEVERABILITY.

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question.

RIGHTS OF PARTIES ARE CUMULATIVE.

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

BENEFIT.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

EFFECTIVENESS.

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Area Developer signs this Agreement.

GOVERNING LAW.

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the State of California without regard to its conflict of laws principles.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

AREA DEVELOPER:

____
Print name of **Covenantor**

____
Signature of **Covenantor**

____
Print name of Area **Developer Entity**

By:_______________________________
Signature of Area **Developer**

____
Print Name of Area **Developer**

Title:_______________________________

FRANCHISOR:

VITAL RESTORATION FRANCHISING, INC.,
a California Corporation

By:_______________________________
Signature of Franchisor

____
Print Name of Franchisor

____
Title

EXHIBIT A
DEVELOPMENT TERRITORY

(ATTACH MAP)

VITAL RESTORATION FRANCHISING, INC.

TABLE OF CONTENTS
OF CONFIDENTIAL OPERATIONS MANUAL

EXHIBIT E TO THE DISCLOSURE DOCUMENT

VITAL RESTORATION
FRANCHISE OPERATIONS MANUAL
Master Table of Contents

Total Number of Pages in Operations Manual: 250

A. INTRODUCTION

B. ESTABLISHING A VITAL RESTORATION BUSINESS

C. PERSONNEL

D. WORKING WITH SUBCONTRACTORS

MARKETING AND SELLING VITAL RESTORATION SERVICES

VITAL RESTORATION FRANCHISING, INC.

FINANCIAL STATEMENTS

EXHIBIT F TO THE DISCLOSURE DOCUMENT

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

VITAL RESTORATION FRANCHISING, INC.

DECEMBER 31, 2017 AND 2016

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

VITAL RESTORATION FRANCHISING, INC.

Table of Contents

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

January 18, 2018

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
Vital Restoration Franchising, Inc.:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Vital Restoration Franchising, Inc. (a limited liability company) as of December 31, 2017 and 2016 and the related statements of operations, changes in owner's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 the Company's internal control. Accordingly, I express no such opinion.

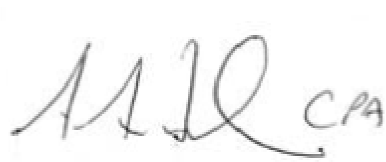
279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vital Restoration Franchising, Inc. (a limited liability company) as of December 31, 2017 and 2016 and the results of operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd.   Amherst, New York 14226   716 – 510-6068

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

CONSENT OF THE INDEPENDENT AUDITOR

January 19, 2018

Ladies and Gentlemen:

A. Andrew Gianiodis, CPA hereby consent to the use in the Franchise Disclosure Document issued by Vital Restoration Franchising, Inc. ("Franchisor") on January 18, 2018, of our report dated January 18, 2018, the financial statements of Franchisor for the years ending December 31, 2017 and 2016.

CPA

A. Andrew Gianiodis, CPA

Vital Restoration Franchising, Inc.

Balance Sheet
December 31, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash	$ 64,787	$ 30,853
Accounts Receivable	34,409	39,464
Total Current Assets	99,196	70,317
Fixed Assets		
Equipment	-	-
Accumulated Depreciation	-	-
Total Fixed Assets	-	-
TOTAL ASSETS	$ 99,196	$ 70,317
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 14,599	$ -
Total Liabilities	14,599	-
Stockholders' Equity		
Common Stock	50,895	50,895
1000 Shares authorized, issued and outstanding		
Retained Deficit	33,702	19,422
Total Equity	84,597	70,317
TOTAL LIABILITIES & STOCKHOLDERS' EQU	$ 99,196	$ 70,317

See accompanying notes

Vital Restoration Franchising, Inc.

Statement of Operations
Years Ending December 31, 2017 and 2016

	2017	2016
Revenues		
Franchise fee revenue	$ 126,084	$ 125,076
Other franchise revenue	-	-
Total revenue	126,084	125,076
Expenses		
Advertising and marketing	25,188	29,164
Auto expenses	6,046	4,300
Dues and subscriptions	3,394	1,488
Insurance	1,536	802
Labor	3,634	-
Miscellaneous	1,472	792
Occupancy expenses	5,232	11,904
Office expenses	6,998	4,168
Professional Fees	5,798	4,224
Taxes	1,548	2,611
Telephone	1,006	1,101
Travel, meals and entertainment	14,083	8,544
Warehouse supplies	-	2,352
Total expenses	75,935	71,450
Net Income	$ 50,149	$ 53,626

See accompanying notes

Vital Restoration Franchising, Inc.

Statement of Changes in Stockholder's Equity
Years Ending December 31, 2017 and 2016

	Common Stock	Retained Earnings	Total Stockholders' Equity
Stockholder's equity at January 1, 2016	$ 50,895	$ 1,423	$ 52,318
Draws	-	(35,627)	(35,627)
Net Income		53,626	53,626
Stockholder's equity December 31, 2016	$ 50,895	$ 19,422	$ 70,317
Stockholder's equity at January 1, 2017	$ 50,895	$ 19,422	$ 70,317
Draws	-	(35,869)	(35,869)
Net Income		50,149	50,149
Stockholder's equity December 31, 2017	$ 50,895	$ 33,702	$ 84,597

See accompanying notes

Vital Restoration Franchising, Inc.

Statement of Cash Flows
Years Ending December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Net Income	$ 50,149	$ 53,626
Adjustments to reconcile net loss to net cash provided by operating activities:		-
Depreciation & amortization	-	-
Changes in assets and liabilities		
Current assets	5,055	(3,647)
Current liabilities	14,599	-
Net cash provided by operating activities	69,803	49,979
Cash flows from investing activities:		
Outlay for Other Assets	-	-
Net cash provided by investing activities	-	-
Cash flows from financing activities:		
Distributions	(35,869)	(35,267)
Net cash provided by investing activities	(35,869)	(35,267)
Net increase in cash	33,934	14,712
Cash - beginning of year	30,853	16,141
Cash - end of year	$ 64,787	$ 30,853
Supplemental Disclosures		
Interest Paid	-	-
Income Taxes Paid	1,548	2,611

See accompanying notes

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated under the laws of the State of California for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Vital Restoration franchise. During 2015, the Company changed its name to Vital Restoration Franchising, Inc. from Sal's Restoration 9-1-1 Inc.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

COMPANY INCOME TAXES

The Company, with the consent of its stockholders, has elected to be an s-corporation. In lieu of corporation income taxes, the stockholder(s) of an s-corporation are taxed based on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2017 and 2016, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 3 COMMITMENTS AND CONTINGENCIES

The Company does not carry general liability or worker's compensation coverage, nor is it self-insured.

NOTE 4 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 19, 2018, the date that the financial statements were available to be issued.

VITAL RESTORATION FRANCHISING, INC.

EXHIBIT G TO THE DISCLOSURE DOCUMENT

*UPDATE AS SAME, ADDITIONALS OR REMOVALS

A. LIST OF CURRENT FRANCHISEES AS OF THE DATE OF THIS DISCLOSURE DOCUMENT.

Contact Information	Territory	State
		California
Mark Scott Construction, Inc. Mark Scott 2835 Contra Costa Blvd Pleasant Hill, CA 94523 925-944-0502	Fairfield	
Mark Scott Construction, Inc. Mark Scott 2835 Contra Costa Blvd Pleasant Hill, CA 94523 925-944-0502	Pleasant Hill	
Alberto Galvo Robin Chung 204 E. 2nd. #313 San Mateo, CA 94401 650-274-5332	San Jose	
Mark Scott Construction, Inc. Mark Scott 2835 Contra Costa Blvd Pleasant Hill, CA 94523 925-944-0502	Stockton	
Alberto Galvo Robin Chung 204 E. 2nd. #313 San Mateo, CA 94401 650-274-5332	South San Francisco	
		Illinois
Tim Brown 3151 Greanhead Dr. #B Springfield, IL 62711 217-553-8052	Springfield	

B. LIST OF TERMINATED FRANCHISEES AS OF THE DATE OF THIS DISCLOSURE DOCUMENT.

There is one franchisee who has had an outlet terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the Disclosure Document Issuance date.

David Lanzarotto (1632 Tiffany Way, San Jose, CA 95125, Ph: 408-425-4814) transferred the San Jose territory to Albert Galvao in February, 2017.

EXHIBIT H TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Vital Restoration and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Restoration Business. In this Franchisee Disclosure Questionnaire, Vital Restoration will be referred to as "we" or "us." The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed Vital Restoration Franchise Agreement and each exhibit, addendum and schedule attached to it?
   Yes ____ No ____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?
   Yes ____ No ____

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

   ____

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   ____

3. Have you received and personally reviewed our Disclosure Document we provided to you?
   Yes ____ No ____

4. Do you understand all of the information contained in the Disclosure Document?
   Yes ____ No ____

EXHIBIT H TO THE DISCLOSURE DOCUMENT (continued)

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

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5. Have you discussed the benefits and risks of operating the Franchised Restoration Business with an attorney, accountant or other professional advisor and do you understand those risks?
Yes ____ No ____

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
Yes ____ No ____

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of the Franchised Restoration Business that we or our franchisees operate?
Yes ____ No ____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning a Franchised Restoration Business that is contrary to, or different from, the information contained in the Disclosure Document?
Yes ____ No ____

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Restoration Business?
Yes ____ No ____

10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?
Yes ____ No ____

11. If you have answered "Yes" to any of questions 7 through 10, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of these questions, please leave the following lines blank.

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12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us?
Yes ____ No ____

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

____
Name of Franchisee/Applicant

Date: _________________________, 20____

____
Signature

____
Name and Title of Person Signing

VITAL RESTORATION

MULTI-STATE ADDENDA

EXHIBIT I TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THE
VITAL RESTORATION
FRANCHISE DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

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

2. 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.

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).

Neither the franchisor nor any person or franchise broker in ITEM 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in the association or exchange.

3. ITEM 5 of the Disclosure Document is amended to add the following:

All franchiser fees payable by California Franchisees will be deferred until we have completed all of our pre-opening obligations and you have opened for business and are operational.

4. ITEM 17 of the Disclosure Document is amended to add the following:

- The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.
- The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- The Franchise Agreement requires binding arbitration. The arbitration will occur at the forum indicated in ITEM 17 with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult 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 the Franchise Agreement restricting venue to a forum outside the State of California.
- The following URL address is for the franchisor's website:

www.vitalrestoration.com

FRANCHISOR'S 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 BUSINESS OVERSIGHT AT www.corp.ca.gov.

5. ITEM 19 of the Disclosure Document is amended to provide:

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 franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

FOR THE STATE OF CONNECTICUT

1. ITEM 3 is amended to read as follows:

- Neither the Franchisor nor any person identified in ITEMS 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil 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, business opportunity law, securities law, misappropriation of property or comparable allegations.

- Neither the Franchisor nor any other person identified in ITEMS 1 or 2 above has during the ten (10) year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

- Neither the Franchisor nor any person identified in ITEMS 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

- Neither Company 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 & Exchange Act of 1934) suspending or expelling these persons from membership in the association or exchange.

2. ITEM 4 is amended to read as follows:

- During the 10 year period immediately before the date of the Disclosure Document neither Company nor Affiliate, or current officer or general partner of Company, has (a) filed as debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that ever filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code, or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the officer or general partner of Company held this position in the debtor company.

FOR THE STATE OF HAWAII

1. The following list reflects the status of our franchise registrations in the states that have franchise registration and/or disclosure laws:

- This registration is not currently effective in any state.
- This proposed registration is on file with or will shortly be on file with the State of California.
- There are no states that have refused, by order or otherwise, to register these franchises.
- There are no states that have revoked or suspended the right to offer these franchises.

2. The Franchise Agreement has been amended as follows:

- The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically, Sections 4.2 and 16 and 18, contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
- Sections 4.2.8, 18.2.3 and 18.2.6 of the Franchise Agreement require franchisee to sign a general release as a condition of renewal or transfer of the franchise; this release shall exclude claims arising under the Hawaii Franchise Investment Law.
- Section 16.2.1.13 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

3. The Receipt Pages are amended to add the following:

- THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
- THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, 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, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
- THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

FOR THE STATE OF ILLINOIS

- For choice of law purposes, and for the interpretation and construction of the Franchise Agreement, the Illinois Franchise Disclosure Act, 815 ILCS 705 governs.

- No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire.

- Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.

- Any provision in the Franchise Agreement requiring a general release is void if the provision requires a waiver of compliance with the Illinois Franchise Disclosure Act.

- Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void.

ITEM 17 of the Disclosure Document is amended to add the following:

- The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20.

- The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

FOR THE STATE OF INDIANA

1. ITEM 8 of the Disclosure Document is amended to add the following:

   - Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. ITEMS 6 and 9 of the Disclosure Document is amended to add the following:

   - The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. ITEM 17 of the Disclosure Document is amended to add the following:

   - Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

   - Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

   - ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

   - ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

   - ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

FOR THE STATE OF MARYLAND

1. ITEM 17 of the Disclosure Document is amended to add the following:

- Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.

- Any litigation between Franchisee and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of 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 3 years after the grant of the franchise.

- In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

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

2. Exhibit H to the Disclosure Document is amended as follows:

- Any portion of the Disclosure Questionnaire which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any of these representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FOR THE STATE OF MICHIGAN

1. 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 prohibition of your right to join an association of Franchisees.

- A requirement that you assent to a release, assignment, novation, waiver or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

- A provision that permits us to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.

- A provision that permits us to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to us and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the Franchised Restoration Business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than 5 years, and (b) you are prohibited by the franchise agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.

- A provision that permits us 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.

- A provision requiring that litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.

- A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

  - The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

  - The fact that the proposed transferee is our or Subfranchisor's competitor.

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

- Your or proposed transferee's failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

- A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants us 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 us the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in ITEM 17 (g).

- A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

2. If our most recent financial statements are unaudited and show a net worth of less than $100,000.00, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

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

4. Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise Bureau
525 West Ottawa Street
G. Mennen Williams Building, 6th Floor
Lansing, MI 48933
(517) 373-7117

FOR THE STATE OF MINNESOTA

1. ITEM 13 of the Disclosure Document is amended as follows:

   - As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. ITEM 17 of the Disclosure Document is amended as follows:

   - With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Agreement.

   - ITEM 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

   - Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

FOR THE STATE OF NEW YORK

1. All references made herein to a "Disclosure Document" shall be replaced with the term "Offering Prospectus" as used under New York Law.

2. The FDD Cover Page is amended as follows:

- **REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.**

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

3. ITEM 3 is amended by the addition of the following language:

- Neither franchisor, the franchisor's predecessor or an affiliate offering franchises under the franchisor's principal trademark, nor any person identified in ITEM 2 has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against them alleging a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither franchisor nor any person identified in ITEM 2 has any pending actions, other than routine litigation incidental to the business, that are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

- Neither franchisor, the franchisor's predecessor or an affiliate offering franchises under the franchisor's principal trademark, nor any person identified in ITEM 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been held liable in a civil action by final judgment or been the subject of a material compliant or other legal proceeding involving violation of any franchise law, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

- Neither franchisor, the franchisor's predecessor or an affiliate offering franchises under the franchisor's principal trademark, nor any person identified in ITEM 2 is subject to any injunctive or restrictive order or decree relating to the franchises, or 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.

4. ITEM 4 is amended to state that:

- Neither the franchisor, nor its predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the Disclosure Document, has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

5. ITEM 5 of the Disclosure Document is amended to add the following:

- The franchise fee will be used to defray franchisor's costs in obtaining and screening franchisees, providing training, training materials and assisting in opening the Franchised Restoration Business for business.

6. ITEMS 6 and 11 of the Disclosure Document are amended to add the following:

- The franchisee will not be required to indemnify franchisor for any liability imposed on franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

7. ITEM 17 of the Disclosure Document is amended to add the following:

- No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under the New York General Business Law, Article 3, Sections 687.4 and 687.5.

- ITEM 17(d) is amended to provide that you may terminate the Agreement on any grounds available by law.

- ITEM 17(j) is amended to state, that no assignment will be made except to an assignee who, in the good faith judgment of Franchisor, is able to assume our obligations under the Agreement.

- ITEM 17(w) is amended to state that New York Law governs any cause of action that arises under the New York General Business Law, Article 33, Section 680-695.

8. Franchisor represents that this Disclosure Document does not knowingly omit anything or contain any untrue statements of a material fact.

FOR THE STATE OF NORTH DAKOTA

1. ITEM 5 of the Disclosure Document is amended by the addition of the following language to the original language:

- Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. ITEM 17 of the Disclosure Document is amended to add the following:

- No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under North Dakota Law.

- In the case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.

- The Franchise Agreement is amended to state that the statute of limitations under North Dakota Law will apply.

- ITEMS 17(i) and 17(q) are amended to state that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

- ITEM 17(v) is amended to state a provision requiring litigation to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.

- ITEM 17(w) is amended to state in the event of a conflict of laws, North Dakota Law will control.

FOR THE STATE OF RHODE ISLAND

ITEM 17 of the Disclosure Document is amended to add the following:

- The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 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 the Rhode Island Franchise Investment Act.

- Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

FOR THE COMMONWEALTH OF VIRGINIA

ITEM 17(h) of the Disclosure Document is amended to add the following:

- Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given by any provision contained in the franchise, specifically Section 16.2.1.20 of the Franchise Agreement. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

<u>FOR THE STATE OF WASHINGTON</u>

ITEM 17 of the Disclosure Document is amended to add the following:

- In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- A general release or waiver of rights signed by you will not include rights under the Washington Franchise Investment Protection Act.
- Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, including the right to a jury trial may not be enforceable.
- Transfer fees are collectable if they reflect our reasonable estimated or actual costs in effecting a transfer.
- The Franchise Agreement requires any litigation to be conducted in a state other than Washington; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

FOR THE STATE OF WISCONSIN

ITEM 17 of the Disclosure Document is amended to add the following:

- The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

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 Vital Restoration offers you a franchise, Vital Restoration must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant unless otherwise stated in your state's addendum. The delivery of the Disclosure Document is to be received at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship in the States of Maryland and New York.

If Vital Restoration 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the franchise:

Sal Vitalie
6 South Linden Avenue, Suite 9
South San Francisco, California 94080
(650) 333-4008

Date of Issuance: March 15, 2018
Our Agents for Service of Process are listed in Exhibit B.

I have received a Franchise Disclosure Document with an issuance date of March 15, 2018 that included the following exhibits on the date listed below:

A. List of State Administrators
B. List of State Agents for Service of Process
C. Franchise Agreement
   Exhibit 1 – General Release
   Exhibit 2 – Nondisclosure and Non-Competition Agreement
   Exhibit 3 – Unlimited Guaranty and Assumption of Obligations
   Exhibit 4 – Holders of Legal or Beneficial Interest in Franchisee; Officers; Directors
   Exhibit 5 – Multi-State Addenda
   Exhibit 6 – De-Identification
D. Area Developer Agreement
E. Table of Contents to the Confidential Operations Manual
F. Financial Statements
G. List of Terminated Franchisees
H. Franchisee Disclosure Questionnaire
I. Multi-State Addenda

Please sign and print your name below, date and return one copy of this receipt to Vital Restoration and keep the other for your records.

______________________	______________________
Date of Receipt	Prospective Franchisee [Signature]
______________________	______________________
Prospective Franchisee [Print Name]	Title (if Prospective Franchisee is an entity)

Date, Sign, and Return to:
Vital Restoration Franchising, Inc.
6 South Linden Ave, Suite 9
South San Francisco, California 94080

Receipt

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If Vital Restoration offers you a franchise, Vital Restoration must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant unless otherwise stated in your state's addendum. The delivery of the Disclosure Document is to be received at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship in the States of Maryland and New York.

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