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Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT

zippyshell.

Zippy Shell Incorporated
A Delaware corporation
3050 K Street NW, Suite 170
Washington D.C. 20007
202-999-4740
www. zippyshell. com

Zippy Shell Incorporated is offering franchises for the operation of a mobile self storage and moving business under the brand name "Zippy Shell®)". If you qualify and continue to satisfy Zippy Shell performance guidelines, the franchise may also include moving and relocation services inside and outside your Territory under the brand name Zippy Shell®.

The total investment necessary to begin operation of a Zippy Shell franchised business with a Territory that consists of one Standard Territory is between ~~$505,485~~657,450 to ~~$891,200~~1,060,530. This includes $264,750 to $424,000 that must be paid to the Franchisor or its affiliates for one Standard Territory. A Standard Territory is a geographic area that includes a population of approximately ~~400~~500,000 people. We often grant franchises for Territories that consist of more than one Standard Territory and sometimes for Territories that consist of less than one Standard Territory.

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 us or any of our affiliates in connection with the proposed franchise sale. **Note, however that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, please contact Zippy Shell Incorporated, Attention Franchise Sales and Administration, 3050 K Street NW, Suite 170, Washington D.C. 20007 and 202-999-4740.

The terms of your contract will govern your Franchise relationship. Do not rely on the Franchise Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Franchise Disclosure Document to an advisor, like an attorney or an accountant or both.

Buying a franchise is a complex investment. The information in the 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., 20850. You can also visit your 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.

Issued: ~~May 24, 2016 as amended on~~ April 19, 2017

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit "A" for information about Us, 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 STATES THAT THE LAWS OF THE DISTRICT OF COLUMBIA GOVERN THE FRANCHISE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

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2. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY SUING IN THE DISTRICT OF COLUMBIA OR PERMITTING US TO SUBMIT ANY CLAIMS AGAINST YOU TO BINDING ARBITRATION IN THE DISTRICT OF COLUMBIA. OUT OF STATE ~~ARDITRATION~~ ARBITRATION AND LITIGATION MAY FORCE FRANCHISEES TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES AND IT MAY COST THE FRANCHISEE. MORE TO ARBITRATE AND LITIGATE WITH THE FRANCHISOR IN THE DISTRICT OF COLUMBIA THAN ITS OWN STATE.

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3. A SPOUSE NOT PARTY TO THE FRANCHISE AGREEMENT MAY BE REQUIRED TO GIVE A PERSONAL GUARANTY. BY SIGNING THE FRANCHISE AGREEMENT, A SPOUSE WILL BE JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT THE SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS PLACES THE PERSONAL AND MARITAL ASSETS OF THE OWNERS AND THE OWNERS' SPOUSE AT RISK.

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4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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Information comparing franchisors is available. Call the state administrators listed in Exhibit A or your public library for sources of information.

We may use the services of one or more Franchise Brokers, or independent contractor consultants or referral sources to assist us in selling our Franchises. A franchise broker, independent contractor, or referral source represents us, not you. We pay these people a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES

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

The Franchise Disclosure Document is registered, on or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	~~September 8th, 2016~~
Hawaii	~~Not registered~~Not Registered
Illinois	~~July 21, 2016~~
Indiana	~~Approved~~
Maryland	~~October 1, 2016~~
Minnesota	~~Approved~~
Michigan	~~July 20th 2016~~
New York	~~Approved~~
North Dakota	~~Not registered~~Not Registered
Rhode Island	~~Pending~~
South Dakota	~~Not registered~~Not Registered
Virginia	~~December 6, 2016~~
Washington	~~January 28 2016~~
Wisconsin	~~Approved~~

DISCLOSURE APPLICABLE TO FRANCHISEES
COVERED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

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

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

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

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

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

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

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

(i) The failure of the proposed transferee to meet the 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 the notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, P.O. Box 30213, Lansing, Michigan, 48909; Telephone (517) 373-7117.

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EXHIBITS

Exhibit A	List of State Agencies/Agents for Service of Process
Exhibit B	B-1 Franchise Agreement B-2 Cartridge Lease Agreement B-3 United Leasing, Inc. Equipment Lease B-4 Addendum Number 1 to the Franchise Agreement
Exhibit C	Financial Statements
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Exhibit F	List of Franchisees and list of Franchisees that have left Franchisor's system during the last fiscal year
Exhibit G	General Release
Exhibit H	ZipMove Letter of Understanding
Exhibit I	Assignment, Assumption and Release Agreement
Exhibit J	Franchise Disclosure Acknowledgment Statement
Exhibit K	Receipt of Franchise Disclosure Document

ITEM 1
THE FRANCHISOR, ITS PARENT PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "we", "our", "us" or "Franchisor" means Zippy Shell Incorporated, the franchisor. "You" means the person or entity that buys the franchise, the franchisee. If You are a corporation, partnership or other entity, then "you" includes all of your owners.

The Franchisor, and any Parents, its Predecessors and Affiliates.

The name of the Franchisor is Zippy Shell Incorporated. Zippy Shell Incorporated is a Delaware corporation. The Franchisor was previously named Zippy Shell USA, LLC, a Delaware limited liability company that was formed on April 17, 2009. On May 29, 2015, the Franchisor converted to a Delaware corporation and changed its name to Zippy Shell Incorporated. The Franchisor's principal place of business is located at 3050 K Street NW, Suite 170, Washington DC 20007. We presently do business under the name "Zippy Shell." We also do business under "ZippyU" for summer storage for students and faculty of participating schools. We do not do business under any other name.

Zippy Shell Incorporated does not have any parent. The Franchisor has offered franchises since November 4, 2009 and does not offer franchises in any other lines of businesses currently. 1800 Instant Pty Ltd, an Australian corporation may be considered an affiliate of Zippy Shell Incorporated.

1800 Instant Pty Ltd. is a predecessor of the Franchisor, was formed on August 15, 2007 and its address is 21217 Ryedale Road, West Ryde, Australia NSW 2114. 1800 Instant Pty Ltd. operated the Zippy Shell mobile self-storage business in Australia from the time it was formed on August 15, 2007 but no longer operates the Zippy Shell mobile self storage business in Australia. 1800 Instant Pty Ltd. has never franchised the Zippy Shell brand in Australia and does not offer franchises in any other lines of businesses.

Zippy Shell International, LLC is a predecessor of the Franchisor. Zippy Shell International, LLC was formed on April 17, 2009 and was located at 1023 31st St. NW Washington DC 20007. Zippy Shell International has not offered franchises in any line of business. In 2009, Zippy Shell International, LLC obtained through an exclusive license from 1800 Instant Pty Ltd the right to license and sublicense the Zippy Shell marks, tools and systems around the world. Also, in 2009, Zippy Shell International, LLC in turn licensed the Zippy Shell Marks, tools and systems of the Zippy Shell Brand for the territory of the United States of America to the Franchisor.

On May 18, 20154, Zippy Shell International, LLC was merged with and into Zippy Shell Incorporated , with Zippy Shell Incorporated as the surviving entity. Zippy Shell Incorporated filed a certificate of merger with the Secretary of State of the State of Delaware and made all other filings or recordings required by the Delaware Limited Liability Company Act needed to be made in connection with the merger. The merger became effective on May 18th, 20154.

On June 3, 2015 Virgo-Terrapin, LLC acquired shares of Zippy Shell Common and Preferred Stock over time. Pursuant to the terms of the Series A Preferred and Common Stock Purchase Agreement between, Virgo-Terrapin, LLC and Zippy Shell Incorporated, Virgo-Terrapin, LLC agreed to purchase about $25,000,000 in Zippy Shell Incorporated Preferred stock over time and $3,500,000 of Common Stock.

Crescent Products USA, LLC is an affiliate of Zippy Shell Incorporated. Crescent Products USA, LLC was formed on October 23, 2009 and is located at 3050 K Street NW, Suite 170, Washington DC 20009. Crescent Products USA, LLC was formed for general business purposes, including but not limited to, acting as an authorized reseller of cartridges, units and loading beds used in the Zippy Shell® mobile self storage unit. Crescent Products USA, LLC is a wholly owned subsidiary of Zippy Shell Incorporated. Crescent Products USA, LLC does not offer any franchises in the mobile self storage business and does not offer franchises in any other lines of business. Crescent Products USA, LLC has no other business experience not disclosed above. Nor does Crescent Products USA, LLC conduct any business that will be performed by you or any other franchisee. Crescent Products USA, LLC has not offered and has no plans to offer franchises for this business and has not offered franchises in other lines of business.

Zippy Shell Storage Operations, LLC is an affiliate of Zippy Shell Incorporated. Zippy Shell Storage Operations, LLC was formed on November 27th, 2012 and is located at 3050 K Street, Suite 170, Washington DC 20007. Zippy Shell Storage Operations, LLC was formed for general business purposes, including serving as a holding company for company owned or joint venture entities operating the Zippy Shell brand and entering into other joint venture agreements with entrepreneurs to operate regions. On November 27th, 2012, Zippy Shell Storage Operations, LLC commenced operating the same type of mobile self storage operations that franchisees operate, in markets not occupied by current franchisees, or that you or any other franchisee may acquire. Zippy Shell Storage Operations, LLC does not franchise Zippy Shell franchisees nor has it offered franchises in other lines of businesses.

BW Storage Two, LLC is an affiliate of Zippy Shell Incorporated. BW Storage Two was formed on December 7th, 2012 and is located at 3050 K Street NW, Suite 170, Washington DC 20007. BW Storage Two, LLC is a separate entity of which fifty percent (50%) ultimate equity ownership is owned by Zippy Shell Incorporated. BW Storage Two, LLC was formed for general business purposes, including operating company owned Zippy Shell Operations. On December 7th, 2015 BW Storage Two, LLC was moved into Zippy Shell Storage Operations and dissolved.

Logistics Finance Services, LLC is an affiliate of Zippy Shell Incorporated. While we own only five percent (5%) of Logistics Finance Services, LLC, a number of our individual stockholders are unit holders of Logistics Finance Services, LLC. Logistics Finance Services, LLC is a Limited Liability Company that was formed on December 29, 2012 and is located at 42490 Garfield Rd, Ste 203 Clinton Twp, MI 48038. In its sole and complete discretion, Logistics Finance Services, LLC used to, but no longer provides financing to Zippy Shell franchisees, or company owned or joint venture operations of

Cartridges.

Our agents for service of process are listed on Exhibit A. We presently do not have any parent. We have no other affiliates or predecessors.

We are engaged in the franchising of the Zippy Shell® Brand. We intend to expand the franchise system nationwide. We also ~~intend~~ may ~~to~~ expand or decrease our company owned operations ~~and joint ventures~~ nationwide. However, each franchisee and company owned operation will have its own exclusive territory.

Prior Experience.

We have operated and franchised the Zippy Shell system since 2009. We have not conducted business in any other line of business except as ~~none~~more fully explained in this Franchise Disclosure, we now offer moving and relocation opportunities to franchisees and non-franchisee independent companies to perform moving services and relocation services outside of any franchisee exclusive territory. ~~.~~—We do not and have not offered franchises in any other lines of business.'

The prior experience of our affiliates is described in this Item 1 above. None of our affiliates has conducted business in any other line of business. None of our affiliates offer or have offered franchises in any line of business.

Since November 1, 2009, we have offered franchises for the operation of a unique mobile self storage marketing and moving business which features the use of mobile, self-storage units (the "Zippy Shell Unit"). Each Zippy Shell(®) Unit will have a removable Zippy Shell Cartridge ("the Cartridge") placed inside it in which a consumer may store his or her belongings. A Cartridge with its contents is easily removable and placed in storage and a new empty Cartridge is placed in the Zippy Shell Unit. This permits the Zippy Shell ®) Unit to be placed back into service and available for a new consumer to use for storage. We may require you to purchase Zippy Shell Units from suppliers designated by us. Currently, we require you to purchase the Cartridges directly from us or our subsidiary, Crescent Products USA, LLC or such other entity as we may designate from time to time.

We currently operate company owned ~~and other joint venture operations~~ through Zippy Shell Storage Operations in ~~Montgomery County~~, ~~Pennsylvania~~, ~~Murfreesboro and~~ Greater Nashville, Tennessee, Washington, DC., Montgomery County, Frederick County, Prince George's County Maryland, ~~and Anne Arundel County Maryland, greater Philadelphia, Pennsylvania,~~ greater ~~Charlotte~~Raleigh, North Carolina, Orange County, California, Greater Chicago, Illinois; ~~Santa Clara County, California,~~ greater Raleigh, North Carolina ~~and Washington D.C.~~ and Long Island, New York ~~We do not operate any other type of business (franchise or otherwise).~~

The Franchise Offered.

We franchise and provide mobile self storage and moving services and marketing

opportunities distinguished by our distinctive business format, proprietary techniques, systems, methods, procedures, software, designs, layouts, advertising, promotions, marketing, technology, communications procedures and operational standards and specifications (collectively, the "**Zippy Shell® System**").

In 2013, we began testing the ZipMove® containerized moving program ("**ZipMove Program**"). The ZipMove Program utilizes third party freight transportation companies to transport mobile storage containers between franchisees, Franchisor locations and third party providers. The ZipMove Program is now ~~in~~ fully developed~~ment~~ and operational and ~~program, while still in its development and new stages,~~ is designed to have Zippy Shell Cartridges loaded for storage or moving or both by the customers. The Cartridges also fit in a standard sized moving van and are transported in a moving van or through some other form of moving transportation. The Cartridges are then delivered to franchisee, Franchisor locations or third party providers at or near the destination of the consumer's new residence. The franchisees, Franchisor locations or third party providers as appropriate provide the delivery and local service support to the consumer. ~~Not~~ All of our franchisees will be allowed to engage in the ZipMove business. There is no guarantee that You will receive any ZipMove business~~; some may not qualify~~, ~~others~~ You may be in areas where we do not offer ZipMove, ~~and~~ or You ~~others~~ may not be allowed to do so for other reasons. If you participate in the ZipMove Program, you will be required to sign a letter of understanding in the form of Exhibit H. We anticipate that, in the future, we will develop a more definitive form of agreement for the ZipMove Program, but that definitive form of agreement has not yet been developed.

~~We have also designed an onsite container that Franchisees have the option to acquire for onsite longer storage. Typically, warehouses, construction companies, developers and individuals like to place storage containers onsite for longer periods of time for storage while they perform work onsite. If you acquire these onsite storage containers they will be subject to license fees like the cartridges are under this your franchise. If you do not acquire them, which you may or may not do in your sole and complete discretion. We may license them to other independently owned and operated providers in your territory to service this market segments.~~

We recently launched the ZipMove Relocation Program ("ZipMove Relocation Program"). In the ZipMove Relocation Program, we have entered and continue to enter into agreements with companies, organizations and potentially the United States Government to relocate their employees to new locations. In this business, we contract with franchisees, independent ~~operations~~contractores, movers, or use our Company Owned stores to assist us in meeting our client's relocation needs.

You will be enrolled in the ZipMove Relocation Program. Not all of our Franchisees will be allowed to engage in the ZipMove Relocation Program and franchisees and third party ~~operations~~operators may lose the rights to participate in the ZipMove Relocation Program.~~;~~ B~~b~~ecause our corporate clients hold us to strict performance standards some franchisees may not qualify to service some or all aspects of our relocation business, others may be in areas where we do not offer the ZipMove Relocation Program or we do not have any ZipMove Relocation business in the markets, and/or others may not

be allowed for other reasons. ~~We have opened the ZipMove Program nationwide through our franchisees, where appropriate, that qualify to conduct the ZipMove business, company owned operations and third parties and will continue to expand our moving footprint as we grow the Zippy Shell System throughout the United States.~~

We have also designed an onsite container that Franchisees have the option to acquire for onsite longer storage. Typically, commercial businesses~~warehouses~~, construction companies, developers and individuals like to place storage containers onsite for ~~longer~~extended periods of time for storage while they perform work onsite. If you acquire these onsite storage containers they will be subject to license fees like the cartridges are under this your franchise. If you do not acquire them, which you may or may not do in your sole and complete discretion, We may license them to other independently owned and operated providers in your territory to service this market segments.

We offer to qualified applicants a Franchise Agreement (the "**Franchise Agreement**" or "Agreement") which grants the right to establish and operate a Zippy Shell business within an exclusive area designated by us in the Franchise Agreement (the "**Territory**"). We franchise the operation of Zippy Shell franchisees under the trade name and service mark "Zippy Shell®" and other logos, trademarks, service marks and commercial symbols that we may subsequently develop (collectively, the "**Marks**" or "**Trademarks**").

The decision whether your Zippy Shell proposed location is in an appropriate location will be made by us based on your proposed location.

The name, depending on the franchise applicant credentials and market conditions, Zippy Shell® will be used for Zippy Shell locations that operate under the "Zippy Shell ®" Marks. There may be some differences in the various Franchise Agreements with other franchisees in the fees, royalties, license fees, training and operational requirements for a Zippy Shell location operated under the Zippy Shell Brand. You will be required to select a fictitious business name, which we must approve, to operate your Zippy Shell Business. The fictitious business name may be geographic (such as "Zippy Shell Morristown") or related to your business name (such as "Zippy Shell Smith and Smith Mobile Self Storage").

The Zippy Shell System is designed to bring mobile self storage capabilities to the consumer's home and now to allow the franchisees who qualify to participate in the ZipMove® Program. The ZipMove Program is in addition to the franchise granted herein and you and other franchisees must qualify to conduct the ZipMove business. The Zippy Shell Business was created from a simple concept of delivering the Zippy Shell unit to the front of the street or the driveway of the consumer to the consumer's home or business location to permit the consumer to load whatever legal items the consumer desires to place in self storage or move or both. Once loaded, the consumer calls you or the appropriate Zippy Shell® franchisee to have the Zippy Shell Unit picked up and the Cartridge inside the Zippy Shell Unit placed in storage or prepared for moving depending upon the

consumer's instructions.

Zippy Shell® franchisees provide storage and moving opportunities for both individual consumers and businesses in need of storage space. Zippy Shell franchisees offer warehouse storage and local moves and beginning in 2014 national moves through the ZipMove program. Consumers pay monthly storage rental fees for use of the Cartridges within the Zippy Shell Units that are ultimately placed in storage. When using the Zippy Shell Unit for storage, consumers pay a pickup and subsequent redelivery fee. When using the Zippy Shell Unit for moving personal items either locally or outside of the consumer's local franchisee's territory, consumers pay a moving fee. You must meet our minimum standards, that we establish, or will establish in the future, to be a ZipMove provider. The determination as to whether you qualify as a ZipMove provider is determined by us in our sole and complete discretion.

Different from normal self-storage businesses, Zippy Shell franchisees will deliver the Zippy Shell Units to consumer or business locations directly to the customer's location. Typically, customers are permitted to keep the Zippy Shell Units at their locations for two to three days. This affords them enough time to properly pack the Zippy Shell Unit for placement into self storage or moving or both. When storage is required, a Zippy Shell franchisee will pick up the Zippy Shell Unit, deliver it to storage, unload the Cartridge, store the Cartridge, place a new Cartridge into the Zippy Shell Unit and return the Zippy Shell Unit back into service. When the consumer would like their goods back, they simply call their local Zippy Shell franchisee who will return the goods to them. When local moving services are required, the Zippy Shell franchisee will pick up the Zippy Shell Unit and deliver it to storage or deliver it directly to the new location as directed by the consumer. When an outside the territory move is required using the ZipMove program, a Zippy Shell Unit or Units or Cartridges provided by us or our designee are loaded by the consumers in the Cartridges. The Zippy Shell Units with the Cartridges are delivered to a common carrier who transports the Cartridges to the Zippy Shell franchise or company owned operation in the market nearest to where the consumer is moving to and the local Zippy Shell provider delivers the Cartridges in the Zippy Shell Units to the consumer's new address. In other instances, third party providers simply deliver to consumers Cartridges or similar type containers to the Zippy Shell franchisee at the destination point of the move for delivery to the consumer at the completion to the move.

The Franchise.

A standard form, Franchise Agreement ("**Franchise Agreement**" or "Agreement"), which is attached as Exhibit B-1 to this Franchise Disclosure Document, is signed by you when you are granted the right to act as a franchisee and open a Zippy Shell franchise location (before and hereafter referred to as the "Zippy Shell Business"). Franchisees will generally be required to sign an addendum in the form of Exhibit B-4 (Addendum Number 1 to the Franchise Agreement) to clarify or specify information that varies with the size of the population in the Territory, such as the initial franchise fee, the national brand building fund and the franchisee's minimum monthly advertising spend. This addendum may also include other matters, depending on the circumstances. A Franchise Agreement is signed between you and us which grants you the right to use the Marks designated by us and the

Zippy Shell System and to operate a Zippy Shell Franchise at a location ("**Franchise Location**") at an address approved by us. We cannot state with certainty whether all of the terms in the standard form Franchise Agreement are enforceable in your market. You should consult with an attorney in your market to determine if there are any issues with use of the standard form agreement. If you wish to modify the terms of the standard form Franchise Agreement, you must make a request to us in writing outlining the specifics of any modifications you wish to make. If we approve some or all of your requests, we may then modify your Franchise Agreement.

Laws Applicable to the Mobile Self Storage Business

You as a Zippy Shell® franchisee may be subject to the federal, state and local laws that regulate moving, public movers, movers, storage units industries or marketing companies even though we may not be within these industries. For example, New Jersey regulates "movers" or "pubic movers" and storage services providers under the New Jersey Public Movers and Warehousemen Licensing Act, N.J. Stat. Article 45:D-1, et. Seq. (2000). These laws typically regulate the rights and business activities of Zippy Shell® businesses and their customers in instances by requiring licensure of public movers and storage businesses, mandating that certain types and accounts of insurance be carried by Zippy Shell franchisees, granting rights and remedies to customers of Zippy Shell franchisees and sometimes requiring Zippy Shell franchisees to be bonded.

You may also be subject to state laws that regulate the self storage and self-contained storage units industries. For example, Florida regulates this industry through the Florida Self-Storage Facility Act (Fla. Stat. Article 83.803, et. Seq.). These laws typically (a) govern the relative rights between you and your customers when the customer has not timely paid its storage fees; (b) essentially enable the placement of liens and detail the procedures to provide notice to customers that the property within the storage unit may be sold in order to collect the unpaid storage fees; and (c) specify notice procedures, timing requirements and the means by which goods in a storage unit may be sold to satisfy obligations for unpaid storage fees.

You also may be subject to the California Self-Service Storage Facility Act (California Bus. & Prof. Code Section 21701). The Act provides that the owner or operator of a self-service storage facility may, for a fee, transport individual storage containers to or from a self-service storage facility that he or she owns without being subject to certain public utilities requirements if certain conditions are met, such as limitations on fees, requirements for permits, requirements for insurance and disclosures to customers. The Act also provides that an owner of a self-service storage facility has a lien on all personal property located at a self-service storage facility for rent and other charges and how that lien may be exercised.

You should consider that certain aspects of a Zippy Shell Franchise business may or are also regulated by federal, state and local laws, rules, environmental laws, building codes, land use and zoning ordinances in addition to the laws and regulations applicable to businesses generally, such as the American with Disabilities Act, Federal Wage and Hour

Laws, the Occupational, Health and Safety Act, and various laws, rules and regulations regulating intrastate and interstate transportation.

It will be your responsibility to investigate any applicable laws as they relate to operating a Zippy Shell Business. It will also be your responsibility to investigate the requirements of any transportation authority as they relate to both interstate and intrastate transportation. For example, certain states are deregulated. However, other states require an application be processed with the proper state authorities in order to move household goods within that particular state. The applications process varies from state to state.

Please be advised that it is our understanding that the federal government requires that an application be processed if you intend to move household goods from one state to another. These laws typically regulate movement of these types of goods and you, if applicable, must seek the appropriate approval in order to operate. If you operate in an area that serves multi state markets and will send Zippy Shell units across state borders, you will be required to register each of the Zippy Shell Units with the U.S. Department of Transportation and you must follow its safety rules and regulations. You are also required to be in compliance with all requisite levels of these requirements, pay the applicable fees and acquire the appropriate insurances. We may review your records to ensure that you are in complete compliance with any transportation authority or other regulatory requirements.

Market and Competition.

The self storage and the mobile self storage industry is a very fragmented but mature market. You will be competing with other independent and Franchise mobile self storage and self storage providers. We believe the self storage industry will have increased demand and will be largely used by residential customers. Based upon the ~~2015~~2016 ~~2016~~ 2017 Self Storage Association Fact Sheet, as of July 1, ~~2015~~ 2016 there are 48,500 primary self-storage facilities containing more than 2.~~3~~ 5 billion square feet of storage space. The top ~~six~~ 50 companies within this industry control a combined market share of approximately ~~12~~ 16 percent of the total primary self storage facilities. Numerous small local operators characterize the remainder of the industry.

You will compete with other self-storage and mobile self storage facilities and moving companies on the basis of the unique service, price and brand recognition. There are also a large number of companies currently offering portable/mobile self storage facilities to the consumer. The Zippy Shell® Brand and specifically the Zippy Shell Unit differ from them largely due to the fact that Cartridges can be removed and a new Cartridge inserted in the Zippy Shell Unit to get the Zippy Shell Unit back into operation. PODS, 1-800-Pack Rats and other companies are competitors of the Zippy Shell Brand and will be your competitors. These competitors will also include transportation companies, moving and trucking companies, fixed-based storage facilities and other portable and mobile storage facilities, some or all of which include independent operators and large chains. Consequently, the market for the self storage, storage and moving business is highly developed and competitive.

The moving industry is a $15B industry that continues to grow at a 3% rate annually. The industry is undergoing major transformation as the traditional long distance van line model is deteriorating. The asset laden, inefficient model of moving people, has suffered from a lack of assets and drivers. Additionally, the average move size has continued to shrink, putting increased pressure on the van line model which needs full trucks to be efficient.

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ITEM 2
BUSINESS EXPERIENCE

CEO of Zippy Shell Incorporated Mark Kuhns. Mr. Kuhns was elected as CEO in ~~December~~ January of 2016~~7~~. From January of 2012 through 2016, Mr. Kuhns was CEO of One Campus Marketing.

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~~Director, CEO and Secretary of~~President of Franchise ~~Development~~System Zippy Shell Incorporated: Rick N. Del Sontro. Mr. Del Sontro ~~has~~ had been a director, CEO and Secretary of Zippy Shell Incorporated since May 2015. Mr. Del Sontro was appointed CEO of Zippy Shell USA, LLC on September 26, 2014 ~~and continues to serve as CEO of Zippy Shell Incorporated.~~ From April 17, 2009 through September 25, 2014 he served as President of Zippy Shell USA, LLC. He is based in Washington, D.C. From March 1, 2008 through July 2013, Mr. Del Sontro also served as CEO of the Rainy Day Foundation in Washington, D.C.

Director, President of Zippy Shell Incorporated: Gareth Taylor. Mr. Taylor has been a director, President and Treasurer of Zippy Shell Incorporated since May 2015. Mr. Taylor was appointed President of Zippy Shell USA, LLC on September 26, 2014 and continues to serve as President of Zippy Shell Incorporated. ~~From April 17, 2009 through September 25, 2014 he served as a Consultant to Zippy Shell USA, LLC. He works out of Washington, D.C. From and prior to March 1, 2008 through April 16th 2009 Mr. Taylor acted as CEO of Zippy Shell Storage Systems of West Ryde, Australia.~~

Chairman of the Board of Directors and Director of Zippy Shell Incorporated: Mack McNair. Mr. McNair has been Chairman of the Board of Directors and a director of Zippy Shell Incorporated since June 2015. Since February 2010, he has been, and is still the Founding Partner of Virgo Investment Group in Atlanta, Georgia.

Director of Zippy Shell Incorporated: J.W. Ransom James. Mr. James has been a director of Zippy Shell Incorporated since June 2015. Since September 2013, he has been and is still a partner in EMG Management LLC based in Atlanta, Georgia. Prior to that he was a director of Arcapita, Inc. in Atlanta, Georgia from June 2004 until September 2013.

Director of Zippy Shell Incorporated: James S. Simpson. Mr. Simpson has been a director of Zippy Shell Incorporated since June 2015. Since June 2014, he has been and still is Chairman of Victory Worldwide Transportation, Inc. in Jamesburg, New Jersey.

Prior to that he was Commissioner of the New Jersey Department of Transportation from January 2010 to June 2014 in Trenton, New Jersey.

Chief Technology Officer of Zippy Shell Incorporated: Lance Avery. Mr. Avery was appointed Chief Technology Officer of Zippy Shell USA, LLC (now Zippy Shell Incorporated) on April 17th, 2009 and works out of the Detroit, Michigan metropolitan area market. From and prior to March 1, 2008 and currently, Mr. Avery is President and CEO of Greyhound Technologies, Limited in Detroit, Michigan. Mr. Avery will continue to serve as President and CEO of Greyhound Technologies, Limited while serving as Zippy Shell Incorporated's Chief Technology Officer.

Acting General Counsel of Zippy Shell Incorporated. Pat Cardwell. Mr. Cardwell has been Acting General Counsel of Zippy Shell Incorporated on January 2, 2015 and continues in that role. Prior to that, from January 2009 through December 2016, Mr. Cardwell served as Of Counsel at Cohen Mohr, LLP in Washington, DC. Also prior to and simultaneously, through December 31, 2012, Mr. Cardwell served as General Counsel for Intero Franchise Services, LLC and Intero Real Estate Services, ~~INC~~Inc. ~~**Chief Operations Officer/ Chief Financial Officer:** Ed Volini. Mr. Volini joined Zippy Shell Incorporated in January 2016 after his owning of Zippy Shell of Long Island from September 2012 to December, 2015. Prior to September 2012, Mr. Volini served as Deputy Chairman, COO, and CFO of Random House. Mr. Volini was the controller of Time Warner Music and Senior Director of Accounting and Finance of Paramount Communications.~~

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~~**Director of Marketing of Zippy Shell Incorporated:** Thomas F Quinn. Mr. Quinn joined Zippy Shell Incorporated. in May 2015 as Senior Marketing Manager, and was promoted to Director of Marketing in January 2016. Previously, Mr. Quinn was a Marketing Manager Tier10 Marketing a full-service marketing agency out of Herndon, VA from May 2013-May 2015. Prior to that Mr. Quinn worked at Blue Bug Digital (digital advertising agency in Washington, DC) from May 2012- May 2013.~~

Vice President of Finance and Accounting of Zippy Shell Incorporated: ~~Scott T. Hillman~~Matt Kranz. Mr. ~~Hillman joined Zippy Shell USA, LLC (now Zippy Shell Incorporated) in December 2013 as Controller and was promoted to Vice President of Finance and Accounting in May 2014. Previously, Mr. Hillman was the Controller with Capitol Seniors Housing, LLC and its affiliated companies in Washington, D.C. from July 2011 through May 2013. Prior to that Mr. Hillman was the Controller of hotpads.com from March 2010 through August 2011.~~ Kranz was appointed Acting Chief Financial on February 10th, 2017. Prior to that time back to March of 2012, Mr. Kranz has been a senior financial management consultant with Cordia Partners.

ITEM 3
LITIGATION

Pending Actions

United States of America Vs. Rainy Day Holdings, LLC et. Al. Case No. 15-5576 (E.D.N.Y)

On September 28, 2015, the United States Attorneys' Office for the Eastern District of New York filed a civil action against twenty defendants arising out of the residential mortgage crisis (2008-2010) (*U.S. v. Rainy Day Holdings, LLC et al.*, Case No. 15-5576 (E.D.N.Y.)). Mr. Del Sontro was a named defendant as was his prior charity, The Rainy Day Foundation, Inc. ("Rainy Day"). Since the case was filed, no action has been taken to move the case forward against Mr. Del Sontro or Rainy ~~Day~~ Day.~~(or any other defendants). Instead, the~~ The Government has settled with a few defendants, and others are either defending or moving to dismiss. The Government has been in settlement negotiations with ~~several defendants, including~~ Mr. Del Sontro and Rainy Day. Based on communications that occurred on ~~May 17, 2016~~April 5, 2017 between Mr. Del Sontro/Rainy Day's counsel and Government counsel, Mr. Del Sontro anticipates that this litigation will be resolved within the next 30-90 days.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an Initial Franchise Fee (the "**Initial Franchise Fee**") in the amount of $75,000 for each area of approximately 500,000 people (a "**Standard Territory**") that comprises the Territory. Territories are defined by ZIP Codes and populations are determined by the United States Census Bureau's Annual Estimates of the Resident Population of the United States, for Regions, States and Puerto Rico. Your Territory may consist of one Standard Territory, less than one Standard Territory or more than one Standard Territory and may include a partial Standard Territory. For example, if you purchase a Territory comprised of two Standard Territories, you must pay us an Initial Franchise Fee equal to $150,000. On a case-by-case basis, we may consider granting franchises for areas smaller than the Standard Territory size. If we do so, we may reduce the Initial Franchise Fee by an amount proportional to the reduced population. For example, the Initial Franchise Fee would be reduced to $30,000 for a Territory with a population of only 200,000. If we add partial territories (less than a population of 400,000) to a Territory, an additional amount will be charged relative to the increase in population. For example, a Territory with a population of 600,000 people would require an Initial Franchise Fee in the amount of $90,000. Payment of the Initial Franchise Fee may vary from all cash upon the execution of the Franchise Agreement to, on rare occasions, a partial cash payment with the balance payable over a fixed term of time. The size of the Territory will vary from one

franchise to another. The normal range would be one Standard Territory to four Standard Territories (so the Initial Franchise Fee would normally range from $75,000 to $300,000).

The Initial Franchise Fee is due on signing the Franchise Agreement and is fully earned and not refundable, in whole or in part, after the Franchise Agreement has been signed. Any payments of the Initial Franchise Fee not made prior to an early termination of the Franchise Agreement are still due us.

Equipment Purchases

You will be required to purchase Cartridges and 4 Zippy Shell® Units prior to opening and during the first two years of operations of your Zippy Shell Business. The cost of the initial equipment costs are nonrefundable. Until such time as alternate suppliers are approved by us, we or our affiliates or current suppliers are the sole supplier of Cartridges and Zippy Shell Units. Concurrent with signing the Franchise Agreement, you must place an order for thirty-six (36) fifteen foot Cartridges, and 4 Zippy Shell Units for each Territory. The Thirty-six (36) Cartridges will be delivered and to you and ready for use prior to the Opening Date. In addition, on or prior to the opening date, you must order and additional thirty-six (36) Cartridges which will be delivered to you and ready for use or before fourth month after the Opening Dated. After the firt four months of the Term of the Agreement and prior to the expiration of the first two (2) years of the Term of the Agreement, you must purchase a minimum of thirty-six (36) additional Cartridges, until Franchisee has purchased a minimum total of One Hundred Eight (108) Cartridges. Any number, at your option, of the remaining thirty-six (36) Cartridges may be either the fifteen foot size Cartridges or the ten foot Cartridges. The approximate total cost for 108 Cartridges and 4 Zippy Shell Units is approximately $328,400. The range of initial payments for Cartridges and Zippy Shell Units purchased from us in our last fiscal year was $47,495 to $95,190. The cost of the Cartridges and Zippy Shell Units is non-refundable. You also must purchase a Loading Bed from us, our affiliate or approved supplier at a cost of $4,000, if your warehouse space does not have one available to you. In the event you purchase a Loading Bed from us or one of our affiliates, the purchase price paid is not refundable.

Our Current pricing for these items are shown below:

	~~2015~~ 2017 Pricing Per Unit
Product	
Onsite Container Delivery System	$64,500
Onsite Containers	$3,250
Zippy Shell Units	$16,000 (includes $1,500 administrative fee payable to us).

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Cartridges	15 Foot - $$1850 10 Foot - $1,400
Loading Bed	$4,000
	Pricing does not include shipping and handling which may add up to approximately 20% of the cost. Pricing also does not include any applicable taxes. These amounts are paid to us to cover the cost of shipping and handling

The cost of each Zippy Shell Unit, Cartridge or Loading Bed may increase due to economic circumstances and conditions. The Zippy Shell Unit administrative fee may be adjusted annually for inflation per the increase in the U.S. Consumer Price Index.

ITEM 6

OTHER FEES

Name of Fee.[1]	**Amount**	**Due Date**	**Remarks**
Cartridge License Fee [1, 3, 6, 8]	$16.00 per 15 Foot container and onsite container per month and $12.00 per 10 Foot Container per month: Subject to a minimum monthly Cartridge License Fee of $0 months 1-2 after the Opening Date; $576 months 3-5 after the Opening Date; $750 months 6-12 after the Opening Date; $1,250 months 13-18 after the Opening Date; $2,000 months 19-36 after the Opening Date; $3,000 months 37-48 after the Opening Date; $4,000 months 49 and thereafter	Beginning on the earlier of first day of the third month after the Opening Date or the date you actually open. The "Opening Date" is the earlier of when You open your franchise or the beginning of the fourth month after the Effective Date. The Cartridge License Fee for future purchases will be due on the 5th of the first full billing month 60 days after the delivery of every subsequent Cartridge.	You are required to pay a Cartridge License Fee of Sixteen Dollars ($16.00) or Twelve Dollars ($12.00) as the case may be per month per cartridge, even if the cartridge is not in use. This Cartridge License Fee is in addition to the cost that you must incur to purchase the actual Cartridge. This fee may be adjusted annually for inflation per the Consumer Price Index. Minimum Cartridge License Fees begin in the 6 month of the Term after the Effective Date of the Agreement. The Minimum Cartridge License Fees increase annually during the next four years after the fifth month of the Term.
Equipment (Zippy Shell Units, Cartridges, onsite containers, onsite container delivery system, Loading Bed) [1, 4, 5, 6, 7, 8]	Will vary under circumstances, plus cost of shipping and handling	50%, including taxes and shipping cost due on placing order and 50% including taxes and shipping cost due upon shipping	Purchase terms may vary on 30 days' notice.

Name of Fee [1]	Amount	Due Date	Remarks
National Brand Building Fund Contribution [1,3]	The greater of $625 per Month or $125 per month for every 100,000 population in your territory.	Commencing on the first full month after the Opening Date payable on 5th day of the following month each month during the Term.	This fee may be adjusted annually for inflation per the increase in the Consumer Price Index.
National Call Center Fee [1,3]	~~$500~~ 750 per month	Commencing on the first full month after the Opening Date and payable on 5th day of the following month each month during the Term.	This fee may be adjusted annually for inflation per the increase in the Consumer Price Index.
Training Fee [1, 2, 3, 7]	A maximum of $250 per day	In advance of Training	We will initially train a maximum of 2 persons at no cost to you at our training center or a training center designated by us. We will also pay for coach class airfare and hotel rooms for up to 2 people to attend the training. All other expenses are your responsibility Additional persons and/or additional training will incur this fee. You will be responsible for all travel related expenses for all training programs.
On Site Training Fee [1, 2, 3, 7]	$1,000 per day or actual costs of outsourced trainer + Travel Expenses	In advance of Training	If we do Onsite Training you must pay all of our expenses.
Indemnification [6]	Will vary under circumstances	As incurred	You will indemnify us against any costs arising out of the use of the Zippy Shell System. Examples of such indemnity requirements include claims brought against us as a result of your operation of the Zippy Shell Unit's such as vehicle accidents, your improper handling of consumer goods or your state and federal tax obligations where the appropriate state or federal authority seeks collection of your tax obligations against us.
Interest [6, 8]	The lesser of 1.5% per month or the highest legal rate	As incurred	If money is not paid when due you must pay interest from the date that money is due until date that payment is received.
Insurance [7]	Will vary under circumstances	As incurred	If you fail to obtain required coverage we may obtain it on your behalf at your cost. We estimate our cost of obtaining the insurance will be substantially similar to your cost outlined in Item 8.
Franchisee's Minimum Advertising Spend. [2,7,8]	Commencing on your Opening Date, you are required to spend $6,000.00 per month	As incurred	Payable to 3rd party vendors and we may require documentation of proof that the required spend was made for any particular month or months.

Name of Fee [1]	Amount	Due Date	Remarks
	in your Territory marketing your Zippy Shell Business. Your minimum advertising spend will be prorated to a higher amount should the population of your Territory be greater than five hundred thousand (500,000) people.		This Minimum Spend may be adjusted annually for inflation per the increase in the U.S. Consumer Price Index.
Fees to Evaluate and Approve Suppliers [1, 8]	Will vary under circumstances	As incurred	We may impose reasonable inspection and supervision fees to cover our costs in evaluating alternative approved suppliers you suggest. We estimate the range of our cost in evaluating the approved suppliers to be between $400 and $800.
Transfer Fee [1, 8]	The greater of 25% of our then current standard Initial Franchises Fee or ~~our cost incurred to effect transfer~~$10,000	Upon transfer of the franchise	If you desire to transfer any ownership in your Zippy Shell franchise you must obtain our prior written consent.
Renewal Fee [1, 8]	25% of our then current Initial Franchise Fee	Upon signing the new franchise agreement	If you desire to renew your Franchise Agreement you must pay the renewal fee.
Cost of Enforcement of the Franchise Agreement [1, 6]	Will vary under circumstances	As incurred	Payable if you fail to comply with the Franchise Agreement, you and we do not reach a mutual agreement and we prevail in any arbitration or court proceeding.
Late Payment Charge [1, 6, 8]	5% of overdue amount	Immediately	Payable on any money you owe us in the event the amount remains unpaid for more than 30 days.

Explanatory Notes.

Note 1: **Fees**. All fees, except for local advertising and certain inventory, equipment and supplies which are paid to third parties, are imposed by and payable to us. All fees referring to Item 6 are non-refundable. You will be required to execute a Pre-Authorized Bank Form that authorizes us to automatically debit your bank account for any fees or other amounts payable to us or our affiliates.

Note 2: **Vendor Fees.** Fee is imposed by us and payable to 3rd party approved vendors.

Note 3: **CPI Adjustment.** All fixed dollar amounts will be adjusted on January 1st of each year in proportion to changes in The Consumer Price Index (U.S. average, all items) maintained by the U.S. Department of Labor Statistics (or its equivalent).

Note 4: **Credit Card Purchases.** You cannot purchase this equipment with credit cards unless they add in the then current percentage fee which the credit card processing company charges.

Note 5: **Cost Increases.** We may change the price of Zippy Shell Units and Cartridges and Loading Bed as our cost to purchase the equipment from third party supplier changes.

Note 6: **Interest.** Interest begins from the date of the underpayment.

Note 7: **Third Party Fees.** Fees which are paid and generally per your vendor agreement, are not refundable.

Note 8: **Negotiated Fees.** All fees described in this Item 6 may be negotiated and may not be uniformly imposed.

ITEM 7

YOUR ESTIMATED INITIAL INVESTMENT[16,17]

TYPE OF EXPENDITURE	AMOUNT LOW[14, 15]		AMOUNT HIGH[14, 15]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$75,000	-	$150,000	Lump Sum	Upon signing the franchise agreement	Us
Real Estate Lease Payment[3]	~~$18,160~~36,000	-	~~$43,200~~90,000	As arranged	As specified in Lease	Landlord
Zippy Shell Units[4,13]	~~$28,800~~63,800	-	~~$72,000~~127,600	As specified in Franchise agreement	As arranged	Us and third parties
Cartridges[4,14]	~~$154,350~~234,900	-	~~$266,400~~352,350	As specified in Franchise agreement	As arranged	Us and third parties
Truck Lease[4, 13]	$17,250	-	$30,000	As arranged	As arranged	Third Parties
Loading Bed[4, 13]	$0	-	$4,000	As specified in Franchise agreement	Upon signing the franchise agreement	Us and third parties
Miscellaneous Expense[6]	~~$42,000~~15,000	-	~~$153,000~~30,000	As incurred	As arranged	Third Parties
Office Rent, Utilities, Licenses and Other Costs[7,8]	$24,000	-	$36,500			
Signage[7,8]	$1,000	-	$3,000	As incurred	As arranged	Third Parties
National Call Center Fee, Franchisee Minimum Monthly Advertising Spend and National Brand Building Fund..[5]	~~$120,400~~147,000	-	~~$127,600~~175,000	As incurred	As arranged	Us or Third Parties
Training[9]	$1,000	-	~~$9,300~~3,000	As incurred	As arranged	Us or Third Parties
Insurance[10]	$18,000	-	$36,000	As incurred	As arranged	Third Parties
Uniforms	~~$525~~500	-	$2,~~200~~000	As incurred	As arranged	Third Parties
Additional Funds[11] **24 Month Start-Up Period**[12]	$24,000	-	$48,000	As incurred	As arranged	Third Parties
		-				
Total	~~$506,485~~657,450[15]	-	~~$981,200~~1,060,530[15]			

*If onsite system and containers ~~is~~ are purchased

Onsite Delivery System	$61,800	$61,800	As specified in Franchise Agreement	As Arranged	Us and Third Parties
Onsite Containers	$32,500- ~~$97,500~~	$97,500	As specified in Franchise Agreement	As Arranged	Us and Third parities
Total	~~$94,300 $159,300~~$751,750	1,219,830			

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Note 1: **Estimated Initial Investment.** We estimate that the start-up investment will occur over a 24 month period. The estimated initial investment includes the estimated initial investment amounts from the period.

Note 2: **Initial Franchise Fee.** If you qualify and elect to sign a Franchise Agreement, you must pay us an Initial Franchise Fee in the amount of $75,000 for each Standard Territory that comprises the Territory. A Standard Territory is an area with a population of approximately 500,000 people. For example, if you purchase two Standard Territories, you must pay us an Initial Franchise Fee equal to $150,000. On a case-by-case basis, we may consider granting franchises for areas smaller than the usual Standard Territory size. If we do so, we may reduce the Initial Franchise Fee proportional to the reduced population. Likewise, if we add partial territories (less than a population of 500,000) to a Territory, an additional amount will be charged relative to the increase in population. The Initial Franchise Fee is due on signing the Franchise Agreement and is not refundable, in whole or in part, after the Franchise Agreement has been signed. In very limited circumstances, we may not charge an Initial Franchise Fee. A current storage and/or mobile self-storage operator may provide us with significant market share, relevant experience and local knowledge, which may lead us to the conclusion that an Initial Franchise Fee is not warranted based upon their actual experience and market share.

Note 3: **Warehouse Leases.** Warehouses must have adequate customer and employee parking plus parking for delivery trucks and available Cartridges. The cost per year for leasing commercial/industrial space varies considerably depending upon the location and market conditions affecting commercial/industrial property. Traditionally, a real estate lease requires two months of advanced payments. You may prefer to own the property upon which a Zippy Shell® Business is located. Ownership may increase the initial cash investment. Under the current market environment the opportunity exist to lease warehouse space on a per Cartridge basis. As the Cartridges can be stacked 3 high each cartridge will use approximately 55 square feet of space base on approximately 70 % utilization of warehouse space. Furthermore, we are assuming a Cartridge monthly lease rate of $15 to $30 per Cartridge per month.

Note 4: **Zippy Shell Units, Cartridges, Truck Lease and Loading Bed.** Concurrent with signing the Franchise Agreement, you must place an order for thirty-six (36) fifteen foot Cartridges, and 4 Zippy Shell Units for each Territory. The Thirty-six (36) Cartridges will be delivered and to you and ready for use prior to the Opening Date. In addition, on or prior to the opening date, you must order and additional thirty-six (36) Cartridges which will be delivered to you and ready for use or before fourth month after the Opening Dated. After the firt four months of the Term of the Agreement and prior to the expiration of the first two (2) years of the Term of the Agreement, you must purchase a minimum of thirty-six (36) additional Cartridges, until Franchisee has purchased a minimum total of One Hundred Eight (108) Cartridges. Any number, at your option, of the remaining thirty-six (36) Cartridges may be either the fifteen foot size Cartridges or the ten foot Cartridges. The approximate total cost for 108 Cartridges and 4 Zippy Shell Units is approximately $328,400. You will be required to purchase at least 4 Zippy Shell Units from us or our affiliates.

Note 5: **Advertising and Call Center.** Under the franchise agreement you are required to spend $6,000 Minimum Advertising Monthly Spend per month in local marketing and advertising for each 500,000 population territory, which amount is subject to the annual adjustment based on the Consumer Price Index. Of this $6,000 per month, a certain amount must be spent on a Pay Per Click ("PPC") marketing campaign using a PPC provider we designate. Under the franchise agreement you are also required to pay us $625 per month for the National Brand Building Fund for each 500,000 population territory, which amount is subject to the annual adjustment based on the Consumer Price Index. Under the Franchise Agreement you are also required to pay us a National Call Center Fee of $500 per month for the term of the agreement for services related to the management by us of a centralized call center used to assist you in booking customers, which amount is subject to the annual adjustment based on the Consumer Price Index.

Note 6: **Miscellaneous Expense.** This item estimated your miscellaneous opening costs and expenses such as installation of a computer system, telephone, deposits for gas, electric and other services, business licenses, vehicular registrations, legal and accounting expenses for your startup period.

Note 7: **Signage.** You may need to install indoor and outdoor signage and provide signage on any vehicles used in connection with the operation of your Zippy Shell Business. The cost of signage on the Zippy Shell Units is included in the cost of the Zippy Shell Units.

Note 8: **Additional Costs.** Your additional costs and expenditures will depend on factors such as your management skills, experience and business acumen, economic conditions, the local market for your business, competition and the performance of a Zippy Shell Business. Further, this item estimates your

additional expenses before operations begin which are in addition to the other expenditures listed. The estimated amounts assume that none of your expenses are offset by any sales generated during this period.

Note 9: **Training.** The Initial training will be held at our corporate office located at 3050 K Street NW, Suite 170, Washington DC 20007 or at another location we designate. We will pay for the airfare and hotel accommodations for up to two of your attendees You will incur salary and any other required expenses for your personnel to attend the training. Should you have more than two personnel attend the training, You will incur salary, travel and lodging expenses for the additional employees or other individuals to attend training. The cost will depend on the distance you must travel and the type of accommodations you choose.

Note 10: **Insurance.** Generally, you should be able to arrange for the payment of monthly or quarterly installments of the total premium instead of prepaying the entire lump sum. Certain states may have laws or regulations that could effectively require that you procure additional types of insurance. From time to time, we review insurance coverage and we reserve the right to require new coverage and terms.

Note 11: **Additional Costs.** The amount of additional costs is based upon analysis of the costs incurred or estimated to be incurred by your competitors and market research. Your additional costs and expenditures will depend on factors such as your management skills, experience and business acumen, economic conditions, the local market for your business, competition and the performance of a Zippy Shell Business. Further, this item estimates your ordinary recurring business expenses for a 24-month period which are in addition to the other expenditures listed. The estimated amounts assume that none of your expenses are offset by any sales generated during the initial months of operations.

Note 12: **Start Up Period.** We estimate that a year and a half or two years will be required for your startup period. During this period you will be generating revenue to at least partially offset the costs shown in the "Total," and such offsetting revenues are not shown in this Disclosure Document. If your franchise grows faster or slower, then your cost will be higher or lower, respectively.

Note 13: **Leasing.** By leasing or leasing with a purchase option, the Cartridges, Zippy Shell Units, Loading Beds, Automobiles and Fork Lift at a faster rate, your expenses for these items and warehouses, personnel, etc. may be higher than shown. On the other hand, slower growth may result in a lower expense level.

Note 14: **Refunds.** We do not refund any fees or other amounts payable to us. Except as arranged by you, amounts paid to third parties are generally non-refundable.

Note 15: **Estimates.** These figures are estimates and you may have additional expenses starting the business. The costs of real estate and personnel vary substantially from market to market. Your costs will depend on many factors including: how much you follow our plans; your management skills and business acumen; the local market for your products and services as well as the prevailing market rate for wages, management salaries, real estate and financing. These estimates do not include the cost of any investment in the ZipMove Program. Your participation in the ZipMove Program is voluntary on your part. Also, the ZipMove Program is still being developed, so we cannot provide an estimate of your potential investment for your participation in the ZipMove Program. Generally, a franchisee will not need to obtain additional equipment to participate in the ZipMove Program.

Note 16: **Standard Territory.** These are estimates based on a Territory comprised of one Standard Territory. If your Territory includes more than one Standard Territory, this estimate would increase based on the number of Standard Territories in your Territory. In this case, your Initial Franchise Fee would be prorated based on population and certain purchase and payment requirements and minimums would be multiplied by the number (rounded to the nearest tenth) of Standard Territories in your Territory. The purchase and payment requirements that would be affected are for the purchase of Zippy Shell Units, the Zippy Shell Unit Administrative Fee, the purchase of Cartridges, the Cartridge License Fee, the purchase of Loading Beds and contributions to the National Brand Building Fund, the Franchisee's Minimum Monthly Advertising Spend and the National Call Center Fee. However, the contributions to the National Brand Building Fund, the Franchisee's Minimum Monthly Advertising Spend and the National Call Center Fee will not be reduced below what they would be for one Standard Territory.

Note 17: **Minimum Investment by Franchisee.** Franchisee's investment in its franchise will include not less than a minimum cash (non-financed) investment by Franchisee or its owners, which minimum may be designated by Franchisor from time to time. This minimum is currently $400,000, but such amount may be changed by Franchisor from time to time. Franchisee will provide to the Franchisor balance sheets, banking records, and other information as may be requested by Franchisor from time to time to allow the Franchisor to monitor compliance with this requirement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Designated or Approved Suppliers, Us or Our Affiliates.

The Franchise Agreement restricts the sources of products and services you utilize in establishing and operating a Zippy Shell® Business in 3 ways. Some items can be purchased only from us or our affiliates, some only from suppliers we have approved, and

others only in accordance with our contract requirements, specifications or Zippy Shell Brand Guidelines.

You must operate a Zippy Shell Business in accordance with our system standards. We may regulate, among other things, the types, models and brands of required equipment, signs, computer hardware and software, materials and supplies to be used in operating a Zippy Shell Business, required or authorized products and the approved suppliers for each product. Designated suppliers may include, and be limited to, us or our affiliates. We do not provide you with any material benefit based on your use of designated or approved suppliers.

We consider a number of factors in approving a vendor as an approved supplier of Zippy Shell related products and services. These factors include, but are not limited to, price competition, adherence with the Zippy Shell Brand Guidelines, recognition of the importance of system wide brand guidelines, ability to mass produce over a short period of time, ability to deliver the applicable products or services in a timely and efficient manner and quality of products or services provided. Once approved, we will create an approved supplier guide which will be available to you for use in your Zippy Shell Business. The approved supplier guide will be maintained in hard copy form and intranet format and will be updated from time to time as needed. Approved suppliers may from time to time be removed from the Zippy Shell approved supplier guide. Any number of factors could lead to such action, including but not limited to, the approved suppliers price is no longer competitive, the approved supplier fails to adhere to the Zippy Shell Brand Guidelines, the approved supplier demonstrates an inability to timely deliver the required products and services to you or other Zippy Shell franchisees or the quality of the approved suppliers products or services is not consistent with the Zippy Shell standards or other factors outlined by us in the future.

We consider the specifications, standards and requirements contained in the Operations Manual and Brand Guidelines manual to be of critical importance to the success of the Zippy Shell® System. Consequently, we may require that you purchase all stationery, business cards, marketing and advertising materials, signs and certain other items specified in the Operations Manual to be used at your Zippy Shell Office only from suppliers approved by us in advance. We currently require you to use one of our PPC providers out of your Minimum Monthly Advertising Spend. After you pay your initial franchise fee, we will give you a list of our approved suppliers, the standards and specifications for supplies to be used by your Zippy Shell Office and our criteria for approving a supplier. You may purchase all other items from non-approved third party suppliers.

Cartridges and Zippy Shell Units. We and our affiliate Crescent Products USA, LLC are currently the only approved suppliers of Cartridges, Onsite Containers, and all other cartridges and containers and certain replacement parts for the Cartridges. Wells Cargo Manufacturing is currently the only approved supplier of Zippy Shell Units and certain replacement parts for the Zippy Shell Units. Cardinal MFG is currently the manufacturer of the Zippy Power Unit "ZPU". Kaufman Trailers is currently the

manufacturer of the trailer used for onsite container delivery. AMG Inc. is the manufacturer of the dolly wheels used for the onsite delivery system.

Computer System. As part of your Zippy Shell franchise, you will be required to purchase and maintain the following computer hardware in your office or warehouse location:

1 Computer with a 2.0 GHZ processor or greater with a minimum of 2GB RAM and 80 GB Hard Drive. The Computers should be compatible with the Windows 7 Business or Windows 7 Ultimate, Windows 8, Windows 10 operating systems and 2 Printers, one black and white laser printer and one color printer.

Currently, Greyhound Technologies, Limited is the only approved supplier of the Zippy Shell Management System You will be required to use the Zippy Shell Management System to process, track and manage all customer inquiries, quotes and booking for Zippy Shell services. Integrated into the Zippy Shell Management System is a system which performs credit card processing. You will be required to open a credit card merchant account with the Zippy Shell Incorporated designated credit card processing provider. This is to ensure seamless processing of credit card transactions including reoccurring credit card charges. The system will be provided to you via the World Wide Web which will not require the purchase of additional equipment necessary to install and run the Zippy Shell Management System locally to their operations location.

As part of the technology services provided to you, one account will be provided to the content management system managed by Zippy Shell Incorporated. Each account will provide you access to all authorized marketing documents as well as other documents necessary for your operation which could include but not be limited to manuals, brochures, business cards, letterhead, standards, etc.

As part of the technology services provided to you, a single account will be provided to the current Electronic Document Execution System, currently Adobe EchoSign. This account will allow your franchise to manage and execute the necessary business documents online with your customers. It will be the franchisees responsibility to create and maintain the agreements used by this system and executed by its customers to maintain any and all legal requirements and protections necessary for the franchise and Zippy Shell Inc. in the executing of the franchise business.

You may be required to pay a technology fee for the cost of licenses associated with the Zippy Shell technology systems, proprietary to Zippy Shell otherwise.

None of our officers personally own any interest in any of our approved suppliers with the exception ~~that of Rick Del Sontro, who owns an interest in Logistics Finance Services, LLC and~~ of our Chief Technology Officer Lance Avery owns an interest in Logistics Finance Services, LLC.

There are currently no purchasing or distribution cooperatives. We reserve the right

to sell items, products, equipment, supplies and services to you and to derive revenue from such sales.

Revenue from Franchisee Purchases. For the fiscal period ended December 31, ~~2015~~2016, we received revenues from franchisee purchases of products or supplies from us of $2,~~185~~206,~~499~~430, or ~~20~~13% of our total revenues of $~~10~~17,~~793~~449,~~981~~451. For the fiscal period ending December 31, ~~2015~~2016: (a) these revenues of $2,~~185~~206,~~499~~430 were received by our wholly-owned subsidiary Crescent Products USA, LLC, and (b) our affiliate Logistics Finance Services, LLC received revenues of $~~138~~105,~~262~~905 from the sale or lease of products or services to franchisees.

We also reserve the right to receive royalty rebates, fees or other fees from approved suppliers who participate in the approved supplier program. However prices for you should be generally competitive due to our growing buying power and negotiated discounts with the suppliers. For the fiscal period ended December 31, ~~2015~~2016, we had no revenues in the form of referral fees or other fees from franchisees purchase of products from approved suppliers.

We reserve the right to change the published standards regarding any approved supplier or any items, products, equipment, supplies or services used, offered for sale or leased by you upon 30 days' written notice to you.

We may limit the number of approved suppliers to obtain volume discounts and to assure consistent quality and adequate supplies for all Zippy Shell® locations. We may revoke a supplier's approved status if the supplier no longer meets our criteria, if it breaches any agreement it has with us or if the products or services offered by it are no longer competitive in price or quality.

The approved supplier program has been established to provide a source of products and services for Zippy Shell franchisees and Company Owned operations. The approved supplier program is designed to offer us and you various options from vendors that provide products or services related to our and your business. Such vendors could include sign vendors, business card stationary providers, equipment providers such as telecom companies, offices supplies and other related vendors. In the case of the sign, business card, stationary vendors and any vendor who is providing products with our Marks and Logos, these vendors are required to comply with the Zippy Shell Brand Guidelines. The other goal of the approved supplier program is to obtain competitive pricing to us and to you. Supplier approval occurs when we complete negotiations of any agreement with a potential approved supplier. The approved supplier program does not provide you with any special benefits. We estimate that during the first three months of operation of your Zippy Shell Business purchases through the approved supplier program or from our affiliates will constitute between 72.77% and 73.8% of your total expenditures. Furthermore, we estimate that during the first two years of operation of your Zippy Shell Business purchases through the approved supplier program or from our affiliates will constitute between 45.5% and 47.5% of your total expenditures. As such, the magnitude of the required purchases is greater during the pre-opening period of your Zippy Shell franchise. After the first 2 years of the term of your Zippy Shell franchise agreement, the magnitude of required purchases

diminishes rapidly and is determined largely by you to meet your everyday business needs and we estimate to be less than 20% of your total expenditures.

Changes to Suppliers.

If you want to buy products, other than the Zippy Shell Units or Cartridges, from other than approved suppliers, you must submit to us a written request asking for approval of your proposed supplier along with clear and precise documentation that the proposed supplier satisfies our specifications and Brand Guidelines. If we decide to evaluate a proposed new approved supplier, we have the right to inspect the proposed approved suppliers' facilities. You must pay the costs associated with creating samples of the proposed approved suppliers' materials and our costs of review. We may approve or deny any request in our sole and complete discretion. If we do not reply to any request for a new approved supplier within thirty (30) days after we receive the request, the request is deemed denied.

Specifications and Brand Guidelines.

You must adhere to our Specifications (the "Specifications") and other requirements that are outlined in the Franchise Agreement, the Zippy Shell® Operations Manual as well as the Zippy Shell Brand Guidelines. This may include specific minimum requirements for delivery, performance, quality and costs. Our Operations Manual and Brand Guidelines are to ensure the Zippy Shell Brand remains a high quality brand and the look and feel of the brand is the same nationally and around the world. Our Operations Manual and Brand Guidelines are for, in addition to the above, equipment, supplies, marketing materials, Zippy Shell Units, Cartridges, packaging, signs, vehicles, products, services and other items used for the operation of the Zippy Shell Business. Our Operations Manual and Brand Guidelines may be modified from time to time by us. These modifications could be the result of events like customer feedback or availability of or costs of materials.

In order to maintain the quality of the goods and service provided and to protect the identity of the Zippy Shell Brand, you must comply with the Specifications and all other requirements in the Operations Manual and Brand Guidelines. Additionally, all products and services sold or offered for sale must meet the then-current Brand Guidelines and Specifications as established and the Operations Manual and the Brand Guidelines manual.

Site

You must select a site for Zippy Shell Business which conforms to our standard site selection criteria which we modify from time to time. You must lease, sublease or purchase enough warehouse space situated in or near your Territory. If warehouses are not immediately available, you must acquire a temporary warehouse located in your Territory that is suitable for storing Cartridges. We must approve the terms of any lease, sublease or purchase contract for the warehouse and you must provide us with a copy prior to signing it. We will approve your lease within 30 days of receiving all of the required paperwork.

We may require that these documents contain certain provisions that are designed to protect our rights.

Insurance

You must obtain and maintain, at your own expense, the insurance coverage that we require from carriers rated A+ or better by Alfred M. Best and Company, Inc. All insurance policies must name us as an additional insured party. We have established current coverages, minimum amounts, and maximum deductibles; however, these coverages and amounts are subject to change at our discretion. They are as follows:

Type of Coverage	Amount	Maximum Deductible
General Liability Each Occurrence	$1,000,000	$1,000
General Liability General Aggregate	$4,000,000	$1,000
Automobile liability and property damage insurance covering all losses, liability, claims or expense of any kind whatsoever resulting from the use, operation or maintenance of any automobiles or motor vehicle owned, leased, or used by you, or your officers,directors, employees, partners or agents, in the conduct of your Zippy Shell Business	$1,000,000	$0
Workers' compensation insurance and employer's liability insurance as required by law	As required by law	As permitted by law

We may specify the insurers, vendors and coverage or require that you obtain it from us, or that you participate in insurance programs we sponsor. If we do so, we may earn compensation, although we do not currently do so. We require all insurance policies be issued by insurance carriers rated B+ or better by A.M. Best & Company, Inc. All carriers must be licensed and admitted in the state(s) where you operate your Zippy Shell Business

Other insurance coverages are recommended, but not mandated, and include the following: (a) crime-employee dishonesty, money & securities and depositors forgery; (b) surety bonds; (c) license and permit bonds; (d) sign coverage; (e) pollution liability; and (f) contingent business income. We may specify from time to time other required insurance requirements in the Manual.

Content Protection

We ~~may~~ have developed storage protection plans for consumers ~~participations~~participating in the ZipMove and ZipMove Relocation programs. ~~If and~~

~~when we roll the plan out, y~~You must also ~~participate~~ offer~~in~~ the Zippy Shell Storage Protection Plan (the "Storage Protection Plan"). Under the Storage Protection Plan on our behalf, customers may elect to pay an increased monthly fee in exchange for your contractual assumption of liability for damage caused to their belongings while in your care, custody and control and obligation to purchase insurance to protect against damage arising from specified events. ~~Before rolling the storage protection plan out, w~~We ~~will have~~ obtained an Insurance Policy (the "Policy") to satisfy the insurance requirement and you will be named as additional insureds. The increased monthly fee paid by the customers will be remitted to the insurance carrier to pay premiums under the Policy, less an administrative fee to us. Depending on customer claims for damages during a given year, excess monies may be distributed back to us from the insurance provider which we, in turn, may reallocate among the franchisees and you as we deem appropriate. This program is subject to change, or may be canceled by us, at any time. We retain the exclusive right to control all aspects of the Storage Protection Plan, including obtaining the required underlying insurance and the allocation of expenses and revenues received in the Storage Protection Plan between the you or other operators of Zippy Shell facilities and us, as we deem appropriate. The division of revenues or allocation of charges may change periodically and may vary depending on the circumstances. Since we don't yet have experience with the Storage Protection Plan, our policy regarding it will likely change.

Miscellaneous

We reserve the right to control every aspect of your use, direct or indirect, of e-commerce and internet advertising, sales, distribution, purchasing, networking, links, hosting or maintenance products and services. We reserve the right to negotiate purchase agreements with various suppliers. If any such purchase agreements are, in fact, negotiated we and/or you may be able to purchase some products at reduced rates, or we and/or you may receive rebates when you purchase products from some of these suppliers. There is currently no franchisee purchasing distribution cooperatives.

Additional Products and Services

We reserve the right under the Franchise Agreement to require you to add additional products or services to be offered by your Zippy Shell Business, if we determine such products or services to be essential to the operations or quality of your Zippy Shell Business. These additional products and services may result in your being required to buy additional equipment or services for your Zippy Shell Business and paying additional fees and royalties on revenue derived from such equipment or services.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
A. Site Selection and Acquisition/Lease	6.1(a), 6.1(b)	Items 7, 8 and 11
B. Pre-Opening Purchases/Leases	6.1(b)	Items 11
C. Site Development and Other Pre-Opening Requirements	5.1, 6	Items 6, 7, and 11
D. Initial and Ongoing Training	5.1, 5.2	Items 7 and 11
E. Opening	6.5	Items 11 and 15
F. Fees	4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4,8, 4.9,	Items 5 and 6
G. Compliance with Standards and Policies/ Operating Manual	5.3, 5.5, 9.1	Items 8 and 11
H. Trademarks and Proprietary	1.1, 3	Items 1, 13, and 14
I. Restrictions on Products/Services Offered	2.1, 2.3, 9.1(a)	Item 16
J. Warranty and Customer Service Requirements	5.3(b), 5.4, 5.5, 9.1(c), 9.1(e), 9.1(f)	Items 11 and 15
K. Territorial Development and Sales Quotas	2.3, 4.8, 4.9, 4.10	Items 12 and 17
L. On Going Product/Service Purchases	4.3, 4.4, 4.6	Items 8 and 11
M. Maintenance, Appearance and Remodeling Requirements	9.1(a), 9.1(e), 6.2	Items 8 and 11
N. Insurance	9.5	Items 6, 7, and 8
O. Advertising	4.7, 9.1(a), 9.1(h)	Items 7 and 8
P. Indemnification	7.5, 7.6	Item 6
Q. Owner's Participation / Management /Staffing	9.1(f), 9.1(b), 9.1(c), 9.1(e), 9.2	Item 15
R. Records and Reports	9.3, 9.8	Items 6, 7 and 11
S. Inspections and Audits	9.1(g), 9.3, 9.8	Item 6
T. Transfer	10.1, 10.2	Items 6 and 17
U. Renewal	2.2	Item 17
V. Post-Termination Obligations	12.1, 12.2, 12.3	Item 17
W. Non-Competition Covenants	12.4	Item 17
X. Dispute Resolution	13.4, 13.5, 13.6, 13.7, 13.8, 13.9	Items 5 and 6

ITEM 10
FINANCING

At present, Lease Corporation of America and United Leasing, Inc. are the only direct providers of financing to Zippy Shell franchisees for the purchase or leasing of Zippy Shell Cartridges. (United Leasing is not an affiliate of ours.

Financing provided by the entities may be used to finance up to one hundred percent (100%) of the equipment prices. The interest rate charged for the Cartridge financing by the entities is typically market rate and an interest rate comparable to the rates charged by other equipment leasing companies. Any one of these financing entities may change an interest rate pursuant to the payment terms of your lease. All terms are between you and

the provider. Your owners are required to guarantee the obligations of the franchise are also required to guarantee the financing obligations for your Cartridge financing. Prepayments are permitted without penalty. In the event of a default under the Lease, you are liable for the entire unpaid lease payments and other payments due under the Lease. You must return all equipment, and reimburse the entity for attorney's fees and cost incurred as a result of the default. It is not the signing company's intent to sell, assign or discount to a third party all or part of the financing arrangement. We do not receive any compensation for placing financing with Logistics.

United Leasing, Inc. is a provider of financing for Zippy Shell Units as well as Loading Beds, Automobiles and Forklifts. A copy of United Leasing, Inc.'s standard form Equipment Lease is attached as Exhibit B-3. Lease Corporation of America is also a provider of financing for Zippy Shell Units as well as Loading Beds, Automobiles and Forklifts. United does not charge any administrative fee. The United Leasing, INC note including any financing changes if any, depending on your credit score is between Six (6%) to Eight (8%) on an annual basis and is paid Sixty (60) Monthly installments. Lease Corporation of America standard form Equipment Lease is attached as Exhibit B-2. Lease Corporation of America does not charge any administrative fee. The united note including any financing changes if any, depending on your credit score is between Six (6%) to Eight (8%) on an annual basis and is paid Sixty (60) Monthly installments. Neither we nor any agent or affiliate, guarantees any note, lease or obligation of yours. Nor do we have any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours. You are not required to use United Leasing, Inc. or Lease Corporation of America, and may use you own bank, finance or leasing company to purchase equipment if you so choose. You should be prepared to operate your business without this leasing program. Lease Corporation of America, and United Leasing, Inc. decide in their sole and complete discretion whether you or any other franchisee are eligible for and qualify for the financing.

If you are interested in obtaining a loan guaranteed by the United States Small Business Administration ("SBA"), the Zippy Shell Brand and franchise business has been approved for SBA loans and we are listed on the SBA Franchise Registry which means you may receive quicker consideration and loan processing through the SBA. Our approval for eligibility or inclusion on the SBA Franchise Registry list does not guarantee that you will be approved for financing or that any financing you do obtain will contain favorable terms or meet with our approval. Please visit the Franchise Registry's website at www.franchiseregistry.com for more information.

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

Except as listed below, Zippy Shell Incorporated is not required to provide you with any assistance.

Pre-Opening Obligations.

Before you open your Zippy Shell Business, we will provide the following pre-opening assistance:

1. We will provide you general guidance in selecting sites (Franchise Agreement, Section 6.1(a), 6.1(e)).

2. Approve your grand opening advertising and promotional program (Franchise Agreement Sections 9.1(a) and 9.1(b).).

3. Provide you with sample advertisements in electronic or camera-ready format for your yellow page advertising (Franchise Agreement Sections 9.1(a) and 9.1(b)).

4. Approve the terms of any lease or purchase contract for the site of your Zippy Shell (sm) Business (Franchise Agreement Sections 6.1(a) and 6.1(e)).

5. We will provide initial training to you (or your Operating Partner). This training is described in detail later in this Item (Franchise Agreement, Sections 5.1 and 5.2).

6. We will provide you with a copy of the Operations Manual (or make it accessible to you via electronic format, like Internet, Intranet or CD-ROM) (Franchise Agreement, Section 5.3).

7. We will provide you with the Zippy Shell technology required for Zippy Shell Business (Franchise Agreement, Section 4.2).

8. We will establish e-commerce policies and procedures, including Website policies and procedures. (Franchise Agreement Section 8.3).

9. Provide you with our proprietary software required to manage sales and operate the business, as well as guidance on setup and installation (Franchise Agreement, Section 8.3).

Site Selection.

You select the sites for the operation of a Zippy Shell ® Business, subject to our acceptance, our standard site selection criteria, including demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed site. Before you acquire, by lease or purchase, any site for operation of a Zippy Shell Business, you must submit a site report to us. The location of your Facility must be approved in writing by us. In accepting or rejecting a proposed site, we will

consider such matters as we deem appropriate, including without limitation, general location, access, the size of the premises, physical characteristics of existing buildings and lease terms. Our approval of a site will be by delivery of written notice to you. If you do not receive a written notice of approval within ten (10) days from us, your proposed site is considered approved. (Franchise Agreement Section 6.1(e)(1).

Our acceptance of a proposed site merely signifies that we are willing to grant a franchise at the site. A Zippy Shell Business may not be relocated from one site to another without first obtaining our written consent. (Franchise Agreement, Section 6.3). We will accept or reject a site after receipt of your site report (Franchise Agreement Section 6.1(e)(1)). If you and we cannot agree on a site within 90 days after you sign the Franchise Agreement also known as the Effective Date, the Franchise Agreement may be terminated (Franchise Agreement Section 11.2(a)).

Time to Opening and Opening Date.

There are two important dates in your Franchise Agreement. The "Effective Date" is the date you execute the Franchise Agreement and you pay us the non refundable Initial Franchise Fee. The second date is your "Opening Date". The Opening Date is the day you open your Zippy Shell Business and must occurr no later then 90 days after the Effective Date. We estimate the time from the date you sign the Franchise Agreement to the date you open a Zippy Shell Business from 60 to 90 days. Unless we agree to extend the Opening Date in writing, you must be open within ninety (90) days after the Effective Date. Whether we exend the time for the Opening Date past the ninetieth day is a decision we can make in our sole and complete discretion. Our decision to extend the Opening Date, should we elect to do so is based on any number of factors including location, availability of equipment, construction schedules, any required approvals, completion of the training program, financing and whether or not you elect to operate a Zippy Shell® Business out of a temporary facility until a permanent facility becomes avhilable.Both the Effective Date of your Agreement and the Opening Date are stated in your Franchise Agreement.

Continuing Obligations.

We will provide the following assistance during the operation of your Zippy Shell Business:

1. We will provide periodic guidance to you with regard to the Zippy Shell System, including improvements and changes (Franchise Agreement Section 8).

2. We will periodically modify the Operations Manual to reflect changes in standards, specifications and operating procedures (Franchise Agreement Section 5.3(b)).

3. We will provide you any enhancements that we, or our affiliates, make to the Software (Franchise Agreement Section 4.6).

4. During our normal business hours, provide you with telephone assistance on using and trouble-shooting the Software (Franchise Agreement Section 4.6).

5. We will issue and take actions we deem appropriate in accordance with, e-commerce or website policies and procedures that we may establish from time to time, including, if an applicable website policy is established by us or our designee, operating a Zippy Shell Website in accordance with our policies and procedures (Franchise Agreement Section 8.3).

Training.

Before the opening of a **Zippy Shell®** Business and at any time you have a new manager operating any of your facilities, you and any managers that have not previously managed a Zippy Shell Business must, if we deem it necesarry, complete, to our satisfaction, the initial training program and be certified by us as meeting our qualifications for management and operation of a Zippy Shell Business. If you have previously owned or managed a Zippy Shell Business, then you may attend the initial training at your option and at no additional cost. (Franchise Agreement Sections 5.1 and 5.2).

The Initial training will be held at our corporate office located at 3050 K Street NW, Suite 170, Washington DC 20007 and/or at your location or at another location we designate. We will pay for the airfare and hotel accomodations for up to two people to attend the initial training at our corporate offcie and we will pay for all of our exepnses for the initial training held at your location. All other expenses, including food, beverage, local transportation and any other expenses are your responsibility. All other training programs will be at such times and places as may be designated by us . You will be responsible for all costs we incur for additional training including travel and lodging and related travel expenses. In addition, you and your employees will be responsible for any and all other expenses incurred by them in connection with any such courses including the costs of transportation, lodging, meals, wages and workers compensation insurance.

Our training programs are conducted on an as-needed basis and consist of classroom training, E-learning programs and hands-on training, or at location we designate covering all phases of a Zippy Shell®Business including the use and installation of products used in connection with a Zippy Shell Business. Training will be conducted at locations in the United States which we determine to be appropriate. Currently, training is conducted, at our option, on your site,and at our corporate office located at 3050 K Street NW, Suite 170, Washington DC 20007 or at another location we designate. The amount of training will range from four (4) days to ten (10) days depending upon the background and experience of the person being trained. The training will be conducted after the Effective Date of the Franchise Agreement and before your Opening Date of yourZippy Shell Business. New or replacement Owners must have successfully completed the Initial Training Program, at their sole and complete expense, prior to or within 30 days of their designation as an Owner.

As of the date of this disclosure document, the subjects covered, approximate hours of classroom and on-the-job training, and other information about our initial training program are described below:

Training Program

Subject	Hours of Classroom	Hours on the Job Training	Location
DAY 1 – Understanding Your Zippy Shell Business			
1. Introduction			
a. Introduction to the Zippy Shell Brand and Kick Off	0.25		Corporate Headquarters Washington, DC/ Your Location Conference Call/or designated location/ or Webinars.
b. Training Program 2-3 Day Agenda	0.25		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total	0.50		
2. The Zippy Shell Mobile Self Storage Platform			
a. The Zippy Shell Storage Distribution Model – Overview	0.25		Corporate Headquarters Washington, DC / Your Locations Conference Call/or designated location/ or Webinars.
b. How the Service Works	.25		Corporate Headquarters Washington, DC / Your Location Conference Call/or designated location/ or Webinars.
Total	0.50		
3. Economics of the Business			
a. Key Business Drivers	1.50		Corporate Headquarters Washington, DC / Your Location Conference Call/or designated location/ or Webinars.
b. Guidelines for establishing Pricing (Storage and Logistics, Fees and Product Sales)	1.00		Corporate Headquarters Washington, DC /Your Locations Conference Call/or designated location/ or Webinars.
c. Managing around these metrics	0.50		Corporate Headquarters Washington, DC Location Conference Call/or designated location/ or Webinars.
d. Managing Financial Risks	0.50		Corporate Headquarters Washington, DC / Your Locations Conference Call/or designated location/ or Webinars.
Total	3.50		

Subject	Hours of Classroom	Hours on the Job Training	Location
4. Establishing Your Business			
a. Organizational Structure	1.00		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
b. Office Space	0.25		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
c. Licensing and Regulation	0.25		Corporate Headquarters Washington, DC /your Location Conference Call/or designated location/ or Webinars.
d. Employee Management	0.25		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
e. Responsibilities of Franchisees	0.25		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total	2.00		
TOTAL DAY 1	6.50		
DAY 2 – Establishing Your Warehouse			
5. Setting up your Warehouse			
a. Criteria for Selecting a Location (Space, Location, Cost)	2.00		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
b. Alternative Business Structures	0.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
c. Negotiating a Lease	0.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total	3.00		
6. Warehouse Operations			
a. Warehouse Equipment	0.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
b. Warehouse Layout	1.00		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.

Subject	Hours of Classroom	Hours on the Job Training	Location
c. General Management	0.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total	2.00		
7. Warehouse Operations Demonstration			
a. Assembling Loading Bed and Cage		2.00	Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
b. Loading and Unloading Cage		0.50	Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
c. Stacking Cages		0.50	Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total		3.00	
TOTAL DAY 2	8.00	6.00	
DAY 3 -- Customer Service Delivery			
a. Daily Management Process	4.00		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total	4.00		
a. ZMS Overview	0.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
b. System Setup	3.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
c. User Overview (tie in with morning, i.e. process meets IT)			Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total	4.00		
TOTAL DAY 3	8.00		

Subject	Hours of Classroom	Hours on the Job Training	Location
DAY 4 – ZMS and Customer Service and Order Taking			
a. Complete IT Overview and Setup		4.00	Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
b. Simulated Order taking, session, scenarios, etc.	4.00		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
TOTAL DAY 4	8.00	4.00	
DAY 5 – Sales and Business Development			
11. Establishing a Proprietary Distribution Network			
a. Proprietary Distribution Network Advantages	1.00		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
b. Placing Zippy Shell Units into the market (Agents, advertising sales, structures-role play?)	1.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
c. Business Development Processes	2.00		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
d. Client Service	2.00		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total	6.50		
12. General Self Storage Marketing			
a. Internet Marketing	1.00		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
b. Other Resources	0.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total	1.50		
TOTAL DAY 5	8.00		
DAY 6 – Fleet Maintenance and Zippy Shell Unit Driving			
13. Maintenance			

Subject	Hours of Classroom	Hours on the Job Training	Location
a. Zippy Shell Fleet Unit Management	2.00		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
b. Cartridges	0.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
c. Loading Bed	0.50		Corporate Headquarters Washington, DC /your Location Conference Call/or designated location/ or Webinars.
d. Forklift	0.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total	2.50		
14. Zippy Shell Driving School			
a. Hitching/unhitching		0.50	Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
b. Parking		0.50	Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
c. Reversing		0.50	Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
d. Driving		0.50	Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
e. Driving Tips and Safety		0.50	Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total		2.50	

Subject	Hours of Classroom	Hours on the Job Training	Location
15. Course Review			
a. Review and Final Remarks	0.50		Corporate Headquarters Washington, DC / your Location Conference Call/or designated location/ or Webinars.
Total	0.50		
TOTAL DAY 6	5.50		
TOTAL TRAINING	44.00	12.50	

The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained. Various aspects of operating a Zippy Shell® Business are integrated throughout the training. There are no definitive starting and stopping times for training of these subjects. All required pre-opening training will be held at our corporate headquarters in Washington DC, or at such other location within the United States as we consider to be appropriate.

The initial training program will be conducted by designated Zippy Shell® instructors. Other Zippy Shell management personnel are also involved in the training from time to time. The instructional materials used in the initial training will consist primarily of our Operations Manual, marketing and promotional materials, videos and other handouts. We have developed and utilize various forms of training guides to enhance training in addition to the Manual. You and your managers, customer service staff and drivers must complete our training to our satisfaction.

Currently we intend to offer the training program once every other month. You will be responsible for all travel, meals, lodging and other expenses incurred by you and/or your facility manager(s) and others attending the training from your business. You and your management team must successfully complete the training program prior to the commencement of your Zippy Shell Business. (Franchise Agreement, Section 5.1 and 5.2).

Rick Del Sontro is a member of the Zippy Shell executive team that oversees franchisee training. The training instructors all have substantive and material experience in the mobile self storage and moving businesses. The instructors in Understanding your Zippy Shell Business, the Zippy Shell Mobile Self Storage Platform, the ZipMove program, the ZippyU program, Establishing Your Warehouse, Warehouse Operations, Warehouse Operations Demonstration, General Self Storage Marketing, Fleet Maintenance and Zippy Shell Unit Driving all have over 5 years of experience with us. The training

instructors in Economics of the Business, Establishing Your Business, Customer Service Delivery and Sales and Business Development all have over 20 years' experience in the field and over 5 years of experience with us. There is no requirement that you attend additional training or refresher courses in order to maintain your franchise.

Operations Manual.

The tables of contents of each of our three Operations Manuals and of our Brand Guidelines are attached to this Disclosure Document as Exhibit "D." The three Operations Manuals are: (a) Zippy Shell Driver Safety Manual (12 pages), (b) ZSM System Manual (11 pages), and (c) the Zippy Shell Logistics Operations Manual (67 pages). The Brand Guidelines have 16 pages. (106 pages for all three Operations Manuals and our Brand Guidelines combined). We reserve the right to modify each of the Operations Manuals and our Brand Guidelines, from time to time. We will notify you in writing if there are any changes made to any of the Operations Manuals or our Brand Guidelines so that you can comply with and adopt the changes. You will have to pay for all costs associated with implementation of the changes.

Advertising.

National Brand Bulding Fund.

When we started Franchising the Zippy Shell Brand, we relied on our franchisees, to market their Zippy Shell Businesses. However, we have elected to create the National Brand Building Fund ("NBBF") for Franchisees who purchased their franchise on or after March 15, 2011. All Franchisees who purchase a franchise are required to pay the monthly NBBF the greater of six hundred and twenty five dollars ($625.00) or $125 for every 100,000 of population in your territory per Standard Territory purchased. Your NBBF will be prorated to a higher amount should the population of your Territory be greater than four hundred thousand (500,000) people. In no event, will NBFF be prorated down should the population be less than four hundred thousand (500,000) people. The NBBF may be adjusted annually upwards in conjuction with the increases in the Consumer Price Index. The NBBF will not be adjusted downward. All new franchisees will be required to contribute to the fund. The company owned and joint venture outlets contribute to the NBBF as well. We will make our financial NBBF statements available to our franchisees who contribute to the fund at least once a year on a confidential basis, but we currently do not audit the NBBF. While we administer the NBBF, we are not fiduciaries to the NBBF and simply administer it in a day to day operation. In 2015, we spent 100% of our NBBF expenditures on National advertising and website development and maintenance, of which less than 1% was spent to solicit franchise sales in the form of maintaining the Franchise Opportunity section of our website. Company owned outlets do not contribute to the NBBF in the same manner and on the same basis as Franchisees. Nor do Franchisor owned outlets contribute any fees to any marketing fund nor pay any license fees or any marketing fee or spend or fee of any type of Cartridge License Fee or any other required minimum fee.

Monthly Minimum Marketing Spend

Additionally, you will be required to undertake a Monthy Minimum Advertising Spend ("Minimum Spend") of an additional Six~~four~~ thousand ~~and eight hundred~~ dollars ($~~4~~6,~~800~~000.00) per month marketing your Zippy Shell Business for each Standard Territory in your Territory. Your Minimum Spend will be prorated to a higher amount should the population of your Territory be greater than ~~four~~ Five hundred thousand (~~400~~500,000) people. In no event, will the Minimum Spend be prorated down should the population be less than ~~four~~ five hundred thousand (~~400~~500,000) people. We expect you to make your Minimum Spend in a manner that promotes your Zippy Shell Business in your Territory. This includes local television, radio and print advertising, search engine optimization, internet ad words buy and other advertising initiatives that promote your Zippy Shell Business in your Territory. We, at our option, may require You to use the PPC provider that we designate in your Territory. You should consult with us prior to creating your local marketing initiatives. Some older franchise agreements did not contain the NBBF or Minimum Spend requirements.

In conducting advertising, We may use all available media including but not limited to television, radio, print, internet, including, but not limited to, facebook, google, and yahoo and other electronic formats. ~~Initially w~~We believe the media coverage will focus on local franchisee markets with the plan in the future to do more regional and national advertising. The source of advertising will initialy be from our inhouse advertising department but we ~~have started to interview~~ may bring in a national and regional advertising agencies to assist us and therefore you. Any amounts of the advertising fund not spent in a calendar year will be spent the following year. We may use up to twenty percent (20%) of the NBBF to defray our corporate and administrative cost.

We have no obligation to conduct advertising on your behalf. There is no advertising council composed of franchisees that advises us on advertising materials. Additionally, there is no requirement that you must participate in a local or regional advertising cooperative. You may spend any amount above the minimum amounts required in your Territory so long as you comply with the standards outlined in the Operations Manual and Brand Guidelines Manual. Currentluy, there is no advertising counsil composed of franchisees that advises us on advertising policies.There is no requirement that you participate in any other advertising fund other than the one set forth in this Disclosure Document.

We do not operate any marketing funds as a trust and nor are we a fiduciary to Y~~o~~u for which Y~~o~~u ~~are~~would othrwise be entitled to the rights of a fiduciary.

We may seek the advice of franchisees with respect to the creative concepts and media used for programs. However, we have the final authority for all aspects of our marketing programs.

As noted above, you are required to market your Zippy Shell(sm) Business to local businesses and consumers in your territory.

Local Advertising.

You are solely responsible with regard to establishing your local marketing and sales program and administering the Minimum Spend, and we shall not have such responsibility financial or otherwise, with regard to your local marketing program. (Franchise Agreement Section 9.1(h)). However, we may require you to use one of our approved PPC vendors in your marketplace. You are permitted to create and use your own advertising materials but you must comply, at your own cost, with any advertising requirements contained in the Operations Manual, our quality control standards and our Brand Guidelines Manual.

Websites and Other Forms of E-Commerce.

We have the right, in our sole discretion, to control all forms of e-commerce directly or indirectly associated with the **Zippy Shell®** System, including our right to establish and control Websites and other forms of e-commerce through our policies and procedures, as designated in the Operations Manual, from time to time. (Franchise Agreement Sections 8.3 and 9.6) Customers may order Zippy Shellservices through our website if they so choose.

National Call Center.

We have created a Zippy Shell National Call Center to handle customer leads and other related inquiries. The Zippy Shell National Call Center is now open 7 days per week (except holidays) from 8:30 a.m. eastern time until 10:00 p.m. eastern time, Monday through Friday and 9:00 a.m. eastern time to 10:00 p.m. eastern time on weekends (subject to change at our discretion). When the Zippy Shell National Call Center is not open, there is an after-hours call center that takes messages on behalf of franchisees and they are distributed to the corresponding franchisee or company owned store that services the market where the consumer is located. Our goal is to provide that phone calls do not go unanswered during any time period. Commencing on the Opening Date, you will pay a monthly call center fee of ~~$500~~ 750 per month for the term of the agreement for services related to the management by us of a centralized call center used to assist you in booking customers. This fee may be adjusted upward annually based upon the change in the United States Consumer Price Index.

Computer System.

You must use the computer system that we periodically designate to operate your Zippy Shell Business. You must purchase a minimum of one (1) computer running a current version of Windows or Apple operating system. The computer must have at least a 21 inch screen in order to properly run the Zippy Shell Management System. The computer must also be capable of having a printer, fax, and scanning device attached to it. The cost of purchasing or leasing the required computer system is approximately $2,000. You must obtain the computer system, software licenses, maintenance and support services and other services related to the computer system from the suppliers who we specify. (Franchise

Agreement, Sections 6.1 and 6.4). We may periodically modify specifications for and components of the computer system. These modifications and/or license new or modified developments or events may require you to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the computer system. The franchise agreement does limit the frequency or cost of changes, upgrades or updates. We have no obligation to reimburse you for any computer system costs. Within 60 days after you receive a notice from us, you must obtain the components of the computer system that we designate and ensure that your computer system, as modified, is functioning properly.

You will have sole and complete responsibility for (1) the acquisition, operation, maintenance and upgrading of the computer system; (2) the manner in which your computer system interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if the computer system is not properly operated, maintained and upgraded. It is also your responsibility to maintain or secure local support to assist in computer related issues with the equipment in your franchise. Zippy Shell will not provide technical assistance in resolving computer issues not specifically related to services provided by Zippy Shell. If Zippy Shell technical support determines the issue raised by a franchisee is related to their equipment, then it will be the sole responsibility of the franchisee to remedy the issue before continued Zippy Shell IT support will be provided.

The current required software for the computer system is our proprietary software contained in the Zippy Shell Management System. Through this system we will have unlimited, independent access to the information the computer system generates and tracks. You must obtain and pay for maintenance and supports and upgrades for software, such as Microsoft products and a suitable accounting software to run your business. The annual costs of required maintenance, update, upgrading or support is between $1,000 and $3,000. We do not have independent access to your information.

ITEM 12
TERRITORY

The Franchise Agreement grants you the right, and you assume the obligation, to operate a **Zippy Shell®** Business solely within a specific geographic area (the "Territory"). The Territory is exclusive and consists of one or more geographic locations designated by borders, zip codes or other agreed upon indicators. Your Territory will consist of a number of Standard Territories. A Standard Territory is an area containing a population of approximately 500,000 people as of the date of your Franchise Agreement. A Territory will neither be reduced nor be increased due to any change in population or change in zip codes. A Territory affords you: (a) the right to conduct a mobile self-storage business utilizing the Zippy Shell System from one or more locations within the Territory, (b) the right to provide moving services from one location in your Territory to another location in your Territory, (c) the right to sell ancillary products approved by us related to the Zippy Shell Business, ~~and~~ (d) if you ~~qualify,~~ sign a separate agreement and participate in the ZipMove® Program,

the right to provide moving services where the Cartridges may be delivered outside your Territory. (e) the right to participate in the ZipMove Relocation, as long as you meet our performance standards, which encompasses the right to assist us with corporate relocations, and (e) if you elect, the option when you buy your franchise, to participate in the onsite container program whereby consumers rent containers for use by customers for extended periods of time on a specific site. -Your marketing, operations and performance of services are restricted to your Territory except to the limited extent provided in (a) above. You may not relocate your Zippy Shell Business from one location to another without our consent or provide products or services outside the Territory except as provided by the Franchise Agreement. The Franchise Agreement does not provide you with any options, rights of first refusal, or similar rights to acquire additional franchises.

We have the right to acquire and continue to operate (directly or through an affiliate), and grant to others the right to operate, competitive businesses similar to a Zippy Shell® Business, wherever located, using trademarks, service marks or trade dress other than the Marks. (Franchise Agreement, Section 2.4).

We reserve the right to: (a) operate and grant to others the right to operate Zippy Shell Businesses at locations outside of your Territory on such terms and conditions as we deem appropriate; (b) sell any products, equipment and services under the Marks or under any other trademarks, services marks or trade dress, through other channels of distribution (within or outside your Territory); (c) operate, and grant others the right to operate businesses identified by trademarks, service marks or trade dress, other than the Marks; (d) operate, and grant to others the right to operate, facilities or businesses under the Zippy Shell System in your Territory if You do not operate in your Territory or is are in material breach of this Agreement; (e) operate, and grant to others the right to operate the ZipMove Program at such locations and on such terms and conditions as we deem appropriate inside of your Territory, if you elect not to participate or otherwise do not qualify as determined by us in the ZipMove Program; (f) do anything that is not expressly and exclusively granted to you under the Franchise Agreement, and (g) acquire other businesses or be acquired by another company, in which case the exclusivity provisions described above will not apply to the acquired business or the acquiring company. (Franchise Agreement Section 2.4). If you do not participate in the ZipMove® Program, we or another person designated by us, may conduct moving operations under our Marks for customers moving into or out of your Territory.

A National Account is a customer or a group of customers, including but not limited to, federal, state and local government agencies both civilian and otherwise that operate or were sourced through an entity under common ownership or control, under the same trademarks or service marks, through independent franchises or some other association that we have arranged to provide services to at multiple locations and/or on a cross-border basis (i.e., across different Territories). We have the right to solicit customers anywhere, including your Territory, to develop as National Accounts. If we do, you must use your best efforts to perform services to any National Accounts located in your Territory on such terms and conditions as we have specified for such National Account, including any maximum charges for services. You may decide not to perform services for any National

Account located in your Territory. Additionally, any National Account may decide not to do business with you. In such cases, we, or any Zippy Shell Business we designate, may perform services for such National Account.

We may develop a Preferred Alliance program (the "Preferred Alliance Program") whereby certain products and services of ours and our franchisees are offered and sold by third parties. These third parties are admitted to our Preferred Alliance Program in a way to attempt to increase both our and your sales and market penetration. Preferred Alliance Program participants are typically movers, storage facilities box manufacturer and other similar businesses that have relationships with customers that could utilize ours and your services. We administer the Preferred Alliance Program like a National Account program. You agree to participate in our Preferred Alliance Program and to follow its rules and regulations and they are established from time to time. If you do not participate in the Preferred Alliance Program, either on an individual or an aggregate basis, then we may offer, sell and provide the products and services requested by the Preferred Alliance Program participant without any obligation or compensation to you. In addition, if you do not service any Preferred Alliance Program participants, then we may forbid you from participating in the Preferred Alliance Program completely. If that happens, then we may provide products and services and sell them to Preferred Alliance Program participants in your Territory without any compensation or obligation to you. You acknowledge and agree that we may conduct sales, solicitations, marketing and promotional activities in your Territory to solicit Preferred Alliance Program participants and to promote the Preferred Alliance Program.

Nothing in the Franchise Agreement precludes us or our affiliates from operating or franchising similar business concepts in your Territory, which could compete with your Zippy Shell Business. However, neither we nor our affiliates currently operate or franchise any business selling under different trademarks any products or services similar to the products and services offered by a Zippy Shell Business, and we presently do not have any plans to do so.

If you are not in full compliance with the Franchise Agreement, or do not pay all amounts owed us when due, including the Minimum Royalty Fee, we have the right to operate or grant a franchise to anyone else to operate another Zippy Shell Business within your Territory.

You may use the Internet to advertise only in compliance with the Franchise Agreement.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the right to operate your **Zippy Shell®** Business under the name "Zippy Shell" together with your fictitious business name (e.g., Zippy Shell Smith Mobile Self Storage) and to use the other trademarks, service

marks and commercial symbols we authorize or may use or adopt in the future.

The following Marks are registered on the Principal Register of the United States Patent and Trademark Office ("PTO"). We intend to renew these registrations and to file all appropriate affidavits for the following Marks at the times required by law.

We have four trademarks registered in the United States of America.

Mark	Filing Date	Effective Date	Reg. No.	Use
ZIPPY SHELL (plus design)	9/18/2009	7/12/2011	3,994,484	Trailers; storage containers; advertising and promotion services; services related to the delivery, moving, and storage of storage containers and storage trailers; rental of storage trailers and storage containers; in Classes 6, 12, 35 and 39
ZIPPY SHELL (Text)	7/25/2009	7/19/2011	3,998,719	Trailers; storage containers; advertising and promotion services; services related to the delivery, moving, and storage of storage containers and storage trailers; rental of storage trailers and storage containers; in Classes 6, 12, 35 and 39
ZippyU (standard character mark plus design)	2/5/2013	12/23/2014	4,660,187	Pick up, delivery and storage of personal property; in: International Class: 039 - Primary Class U.S. Class: 100, 105
ZipMove (standard character mark)	5/17/2013	2/18/2014	4,448,062	Pick up, delivery and storage of personal property; in: International Class: 039 – Primary Class U.S. Class: 100,105

We have applied to the PTO for registration of the following Marks, but they are not yet registered.

Mark	Filing Date	Serial Number	Use
ZIPPY SHELL (Text)	6/16/15	86664015	General purpose metal storage containers; Storage containers, namely, metal containers for the storage and transportation of goods; Advertising and promotional services for others; franchising, namely consultation and assistance in business management, organization and promotion; Delivery and removal of storage containers and

Mark	Filing Date	Serial Number	Use
			storage trailers; rental of storage trailers and storage containers; rental of storage trailers and storage containers for use in connection with storing goods and moving services; transport services, namely, moving services; transport, delivery and storage of goods; packing articles for transportation; warehousing services; storage of goods. Classes 6, 35 and 39.
Vehicle Design	6/16/15	86663988	General purpose metal storage containers; Storage containers, namely, metal containers for the storage and transportation of goods; Advertising and promotional services for others; franchising, namely consultation and assistance in business management, organization and promotion; Delivery and removal of storage containers and storage trailers; rental of storage trailers and storage containers; rental of storage trailers and storage containers for use in connection with storing goods and moving services; transport services, namely, moving services; transport, delivery and storage of goods; packing articles for transportation; warehousing services; storage of goods. Classes 6, 35 and 39.

These two Marks do not have many legal benefits and rights as a federally registered trademark. If our right to use either of these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

The ZipMove® trademark is for internal use only. You will not be allowed to use the ZipMove® trademark for business identification, advertising or otherwise to the public or to actual or potential customers or for other external purposes. You may not use the ZipMove® trademark at all, and you may not use the Zippy Shell® or other trademarks for moving services outside your Territory unless you qualify to participate in the ZipMove® Program and are authorized by us to do so.

There are currently no effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor any pending infringement, opposition or cancellation proceeding filed against us, nor any pending material litigation involving the marks described above which is relevant to their ownership, use or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which

significantly limit our rights to use or license the use of the Marks in any manner material to the franchise. From time to time, we may become aware of other uses of names or marks which may be confusingly similar to the Marks. Where appropriate, we reserve the right to take legal action.

Use of the Marks.

You must follow our rules and Brand Guidelines when you use the Marks and any other marks we authorize. You cannot use any of our Marks with modifying words, designs or symbols, except as we may authorize. You may not use our Marks in connection with the sale of an unauthorized product or service or in a manner that we have not authorized.

The Franchise Agreement grants you the right to use our current and future trademarks, service marks and trade dress used to identify the services and/or products offered by us, including the Marks and any other marks we authorize you to use. You may not use any Mark as part of any corporate or legal business name or in any other manner except as authorized by us. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations.

Infringements.

You must immediately notify us of any apparent infringement or challenge to your use of any Marks, or claim by any person of any rights to any of the Marks, and you must not communicate with any person other than us and our legal counsel in connection with any infringement, challenge or claim. We have sole discretion to take any action we deem appropriate and will have the right to control exclusively any litigation or PTO or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any of the Marks. You must execute any documents, provide assistance and take such action as, in the opinion of our counsel, may be necessary or advisable to protect our interest in any litigation or PTO or other proceeding or otherwise to protect our interest in the Marks. At our sole discretion, we will be entitled to prosecute, defend or settle any proceeding arising out of your use of any of the Marks, and, if we decide to prosecute, defend or settle any such matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any counsel retained by you. We are required to indemnify you against and reimburse you for any damages for which you may be held liable in any proceeding arising out of your authorized use of any of the Marks under the Franchise Agreement. You must modify or discontinue the use of a Mark if we modify or discontinue use of a Mark as a result of a proceeding or settlement. This modification or discontinuance will not provide you with any termination or other rights.

Changes to the Marks.

If we believe, in our sole discretion, that it is advisable for us or you to modify or discontinue use of any Mark or use one or more additional or substitute Marks, you must comply with our directions. However, we will not be obligated to reimburse you for any

loss of revenue attributable to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark, service mark or trade dress.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents.

The Franchisor does not own rights in, or licenses to, any patent that is material to your franchise.

You must immediately notify us of any apparent infringement or challenge to your use of any patent or claim by any third person of any rights to the patent. We have the sole discretion to take any action we deem appropriate and will have the right to control exclusively any litigation or PTO or other proceeding to protect our interest in the U.S. patent application. We are not obligated to protect your rights to use the invention as claimed in the U.S. patent application or any patent that issues therefrom or to protect you against claims of infringement or unfair competition, although we intend to do so when it is in the best interest of the Zippy Shell Brand to do so.

Copyrights.

We claim copyright protection for our Operation Manual, printed and promotional materials, forms and contracts, websites, and any software that we may develop (the "Copyrights").

We also consider certain information relating to the development and operations of the **Zippy Shell®** Business trade secrets and proprietary information. This information includes:

(i) sales, marketing and advertising programs and techniques for the Zippy Shell® Business;

(ii) identity of suppliers and knowledge of specifications and pricing for authorized products, materials, supplies and equipment;

(iii) knowledge of our operating results and financial performance and that of other franchisees; and

(iv) methods of inventory control, storage, product handling and management of the **Zippy Shell®** Business.

All ideas, concepts, methods or techniques useful to the Zippy Shell System, whether or not constituting protectable intellectual property, and whether created by you or on your behalf, must be promptly disclosed to us and, if adopted as part of the Zippy Shell System, will be considered our property and deemed as works made-for-hire for us. You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights and such ideas, concepts, methods or techniques.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

There are no currently effective determinations of, nor any pending material proceedings in, the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize you to use the copyrighted materials. Further, there are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state.

You must immediately notify us of any apparent infringement or challenge to your use of any Copyright, or claim by any person of any rights to any of the Copyrights, and you must not communicate with any person other than us and our legal counsel in connection with any infringement, challenge or claim. We have sole discretion to take any action we deem appropriate and will have the right to control exclusively any litigation or PTO or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any of the Copyrights. You must execute any documents, provide assistance and take such action as, in the opinion of our counsel, may be necessary or advisable to protect our interest in any litigation or PTO or other proceeding or otherwise to protect our interest in the Copyrights. At our sole discretion, we will be entitled to prosecute, defend or settle any proceeding arising out of your use of any of the Copyrights, and, if we decide to prosecute, defend or settle any such matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any counsel retained by you.

We are not obligated to protect your rights to use the Copyrights or confidential information, or to protect you against claims of infringement or unfair competition, although we intend to do so when it is in the best interests of the **Zippy Shell®** System. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Copyrights if the proceeding is resolved unfavorable to you.

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

You are only required to participate personally in the direct operation of your **Zippy Shell®** Business if you are to operate your Zippy Shell Business as a sole proprietorship.

If your Zippy Shell Business is not to be operated as a sole proprietorship, then you are not required to participate personally in the direct operation of your Zippy Shell Business. If you do not participate in the day to day operation of your Zippy Shell Business, you will need to designate a manager to be responsible for the direct on-premises supervision of the Zippy Shell Business at all times during its hours of operation. You and your manager must successfully complete our mandatory initial training program for a Zippy Shell Business. We recommend that you sign a nondisclosure and noncompetition agreement with your manager. Other than that, we make no recommendations and have no requirements regarding employment or other written agreements between you and your employees.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Unless approved by us in writing in advance, you must offer and sell or lease all and only those goods and services that we have approved. We may add, delete and change items that you may or must offer, in our unrestricted discretion, and this may require you to purchase additional equipment. Except as provided by the Agreement, you may not sell or provide goods or services outside your Territory without our prior written consent.

You must maintain at all times and at your expense an inventory of Zippy Shell Units, Cartridges, approved products and equipment sufficient in quantity, quality and variety to realize a Zippy Shell Business's full potential.

We may conduct market research to determine customer trends and salability of new products and services. We have the right therefore to add to or change the types of goods and services. There are no limits on our right to make these changes except that any changes must be related to in some manner to the mobile self storage business. You agree to cooperate by participating in our market research programs by test marketing new products and services and providing us timely reports and other relevant information regarding such market research. You must purchase a reasonable quantity of such test products and make a reasonable effort to sell them.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(a) Length of the franchise term	Section 2.2	The term is 20 years.
(b) Renewal or extension of the term	Section 2.2	You may renew for an additional 20 years. You must pay our renewal fee.
(c) Requirements for franchisee to renew or extend	Section 2.2	The term "renewal" means you and other franchisees may continue yours and their franchise relationship with us for an additional 20 year Term as a Zippy Shell franchisee if you comply with the requirements for renewing your agreement. You must be in compliance with your Agreement, pay a renewal fee in the amount of 25% of our then current initial fee, if permitted by law, execute a general release in the form then provided by us (our current form is included as Exhibit G to this disclosure document) and execute our then current form of Agreement which may contain materially different terms and conditions that are currently contained in your franchise agreement.
(d) Termination by franchisee	Section 17.1	You may not terminate the agreement
(e) Termination by franchisor without cause	N/A	You grant us the option to purchase all of the assets of your Franchised Business or all of its ownership interest held by your owners (at our option which we may assign to an affiliate) any time after the 120th month of your opening date at a rate of six (6) times your earnings before interest depreciation and amortization (commonly referred to in the accounting industry as "EBITDA")..
(f) Termination by franchisor with cause	Section 11	We may terminate the Franchise Agreement if there is an event that constitutes a material event of default
(g) Cause defined – curable defaults	Section 11.3	If (i) you fail to pay or refuse to pay any amount due us within thirty (30) days after receipt of a demand for payment; (ii) you fail to pay any amounts due for items and/or services purchased from approved or designated suppliers or vendors within 10 days after receipt of a demand for payment; (iii) your Zippy Shell Business, or a substantial portion of the assets associated with your Zippy Shell Business are seized, taken over or foreclosed upon by a government official in the exercise of his or her duties, taken over or foreclosed upon by a creditor, lien holder or lessor, or a final judgment remains unsatisfied for a period of 30 days.
(h) Cause defined – non-curable defaults	Section 11.4	If you (i) become insolvent by reason of your inability to pay your debts, (ii) file a voluntary petition for bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, subject to an

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		involuntary bankruptcy; (iii) abandon, surrender, transfer control of or fail to actively operate your Zippy Shell Business for a period of 3 consecutive days; (iv) are convicted of or plead no contest to a felony, a crime involving moral perpitude, or any other crime or offense that is likely to adversely affect the reputation of the Zippy Shell Brand or goodwill associated with the Marks; (v) make a material misrepresentation to us, whether before or after being granted the franchise; (vi) make an unauthorized Transfer; (vii) after curing a default under Section 11 commit the same default again within a 12 month period, whether or not cured after notice; or (viii) fail to comply with any material federal, state or local law or regulation to the operation of your Zippy Shell Business.
(i) Franchisee's obligations on termination / non-renewal	Section 12	You must (i) pay us within 15 days after the effective date of your termination all amounts owing to us under the Agreement; (ii) not directly or indirectly at any time or in any manner identify yourself or your business as a former Zippy Shell Business; (iii) cease use of any Marks or insignia of the Zippy Shell Brand; (iv) return all copies of the Operations Manual and other proprietary documents; (v) cancel fictitious names that use the Marks; (vi) cancel your telephone listings and assign your telephone numbers to us; (v) assign all customer contracts from us and refrain from contacting or servicing any Zippy Shell Customer.
(j) Assignment of contract by franchisor	Section 10.1	The Franchise Agreement is fully assignable by us
(k) "Transfer" by franchisee - defined	Section 10.2	You may not assign the Franchise Agreement without consent
(l) Franchisor approval of transfer by franchisee	Section 10.2	You must obtain our written approval
(m) Conditions for franchisor approval of transfer	Sections 9.7 and 10.2	If we approve any new assignment of the franchise agreement, which approval shall not be unreasonably withheld, you must pay us the greater of our costs to complete the transfer or 25% of our then current initial franchise fee as an assignment fee. Additionally, any new franchisee must execute a new Agreement and each Owner remaining or new Owner will have to execute the Guaranty in favor of Franchisor. Also, if permitted by applicable state law, the old franchisee will be required to sign a general release in favor of the Franchisor. Attached as Exhibit I is an Assignment, Assumption and Release Agreement we may require.
(n) Franchisor's right of first refusal to acquire franchisee's business	N/A	N/A

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(o) Franchisor's option to purchase franchisee's business	N/A	N/A
(p) Death or disability of franchisee	N/A	N/A
(q) Non-competition covenants during the term of the franchise	Section 12.4	You may not compete with us or any of our affiliates or operate a competing business.
(r) Non-competition covenants after the franchise is terminated or expires	Section 12.4	You may not compete with us or any of our affiliates for 2 years after the termination/expiration or transfer of the Franchise Agreement.
(s) Modification of the agreement	Section 13.1	Agreement can only be modified in writing signed by you and us.
(t) Integration/merger clause	Section 13.10(a)	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in this disclosure document.
(u) Dispute resolution by arbitration or mediation	Section 13.4	Any disputes are subject to binding arbitration in the District of Columbia before a panel of arbitrators.
(v) Choice of forum	Section 13.8(b)	Any dispute not subject to arbitration must be brought in the Superior or Federal Courts in the District of Columbia. Any state specific law that may apply to your choice of forum provisions are outlined in Exhibit E of the FDD.
(w) Choice of law	Section 13.8(a)	District of Columbia law governs the Franchise Agreement. Any state specific law that may apply to your choice of law provision are outlined in Exhibit E of the FDD.

See any state-specific riders or addenda attached to this Disclosure Document.

ITEM18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits Us to provide information about actual or potential financial performance of our franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to Our management by contacting our CEO Rick Del Sontro at 3050 K Street NW, Suite 170, Washington DC 20007, and the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE #1
Systemwide Outlet Summary
For Years Ending December 31, 2014~~3~~, 2015~~4~~ and 2016~~5~~

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2013~~2014	~~1~~322	~~22~~35	~~+11~~13
Franchised	~~2014~~2015	~~22~~35	~~35~~26	~~+13-~~9
Franchised	~~2015~~2016	~~35~~26	~~26~~33	~~-9+~~7
Company-Owned	~~2013~~2014	~~2~~6	~~6~~7	~~+4~~1
Company-Owned	~~2014~~2015	~~6~~7	~~7~~7	~~+1~~0
Company-Owned	~~2015~~2016	7	~~7~~56	~~0-~~21

Total Outlets	~~2013~~2014	~~1~~528	~~2~~842	~~+1~~314
Total Outlets	~~2014~~2015	~~2~~842	~~4~~233	~~+14-~~9
Total Outlets	~~2015~~2016	~~4~~233	~~3~~338	~~-9+~~5

Table No. 2
Transfers of Franchised Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years Ending December 31, 2014~~3~~, 2014~~5~~ and 2016~~5~~

State:	Year	Number of Transfers
No State	~~2013~~2014	0
No State	~~2014~~2015	0
No State Total: 0	~~2015~~2016	~~0~~2

Table 3
Status of Franchise Outlets For Years Ending December 31, ~~2013~~2014, ~~2014~~ 2015 and ~~2015~~ 2016

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
AL	~~2013~~2014	1	0	0	0	0	0	1
	~~2014~~2015	1	0	0	0	0	0	1
	~~2015~~2016	1	~~0~~1	0	0	0	0	~~1~~2
CA	~~2013~~2014	~~0~~2	2	0	0	0	0	~~2~~4
	~~2014~~2015	~~2~~4	~~2~~0	~~0~~1	0	0	0	43
	~~2015~~2016	43	0	~~1~~0	0	0	0	~~3~~23

State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
CO	~~2013~~2014	0	~~0~~2	0	0	0	0	~~0~~2
	~~2014~~2015	~~0~~2	~~2~~1	0	0	0	~~0~~2	~~2~~1
	~~2015~~2016	~~2~~1	~~1~~0	0	0	0	~~2~~0	1
CT	~~2013~~2014	~~0~~1	~~1~~0	0	0	0	0	1
	20154	1	0	~~0~~1	0	0	0	~~1~~1
	~~2015~~2016	1	0	~~1~~0	0	0	0	~~0~~1
FL	~~2013~~2014	~~1~~2	~~1~~0	0	0	0	0	2
	~~2014~~2015	2	0	0	0	0	0	2
	~~2015~~2016	2	~~0~~1	0	0	0	0	~~2~~3
GA	~~2013~~2014	1	0	~~0~~1	0	0	0	~~1~~0
	~~2014~~2015	1	0	1	0	0	0	0
	~~2015~~2016	~~1~~0	~~0~~1	~~1~~0	0	0	0	~~0~~1
ID	~~2013~~2014	0	~~0~~1	0	0	0	0	~~0~~1
	~~2014~~2015	~~0~~1	~~1~~0	0	0	0	~~0~~1	~~1~~0
	~~2015~~2016	1	0	0	0	0	~~1~~0	~~0~~1
IL	~~2013~~2014	~~0~~2	2	0	0	0	0	~~2~~4
	~~2014~~2015	~~2~~4	~~2~~0	~~0~~1	0	~~0~~2	0	4~~1~~
	~~2015~~2016	4~~1~~	0	~~1~~0	0	~~2~~0	0	1
KY	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
IA	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
LA	~~2013~~2014	0	~~0~~1	0	0	0	0	~~0~~1
	~~2014~~2015	~~0~~1	~~1~~0	~~0~~1	0	0	0	~~1~~0
	~~2015~~2016	~~1~~0	0	~~1~~0	0	0	0	0
	~~2013~~201	0	~~0~~1	0	0	0	0	0

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State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
MD	20142015	0	1	0	0	0	0	02
	20152016	02	10	0	0	0	0	2
MI	20132014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
NBNB	20132014	0	0	0	0	0	0	0
	2015	0	01	0	0	0	01	0
	2016	0	10	0	0	0	10	0
MN	2014	0	0	0	0	0	0	0
	2015	0	01	0	0	0	0	01
	2016	10	10	0	0	0	0	1
NV	2014	0	01	0	0	0	0	01
	2015	01	10	0	0	0	0	1
	2016	1	0	0	0	0	0	1
NJ	2014	01	10	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
NY	2014	1	0	0	0	0	0	1
	2015	1	02	0	0	0	0	13
	2016	13	20	0	0	0	0	3
NC	2014	23	1	0	0	0	0	34
	2015	34	10	01	0	02	0	42
	2016	42	0	10	0	20	0	12
OH f	2014	01	10	0	0	0	0	1
	2015	1	01	01	0	0	0	1
	2016	1	11	10	0	0	0	12
OR	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
PA	2014	21	0	0	0	10	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
SC	20132014	0	01	0	0	0	0	01
	2015	01	10	0	0	0	0	1
	2016	1	0	0	0	0	0	1
TN	2014	11	0	0	0	10	0	01
	2015	01	0	0	0	0	0	01
	20152016	01	0	0	0	0	0	01

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State	Year	Outlets at Start of Year	Outlets Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
	6							
TX	~~2013~~2014	~~23~~	~~12~~	0	0	0	0	3
	2015~~4~~	~~35~~	~~20~~	~~01~~	0	0	0	~~54~~
	2016~~5~~	~~54~~	~~01~~	~~10~~	0	0	0	45
UT	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
VA	2014~~3~~	1	0	0	0	0	0	1
	2015~~4~~	1	0	0	0	0	0	1
	2016~~5~~	1	0	0	0	0	0	1
WA	~~2013~~2014	0	~~01~~	0	0	0	0	~~01~~
	2015~~4~~	~~01~~	1	~~01~~	0	0	0	~~10~~
	2016~~5~~	~~10~~	~~11~~	~~10~~	0	0	0	~~01~~
WI	~~2013~~2014	~~01~~	~~10~~	0	0	0	0	1
	2015~~4~~	1	0	0	0	0	0	1
	2016~~5~~	1	0	0	0	0	0	1
Totals	~~2013~~2014	~~1322~~	~~1114~~	~~01~~	0	~~20~~	0	~~2235~~
	2015~~4~~	~~2235~~	~~147~~	~~18~~	0	~~04~~	~~04~~	~~3526~~
	2016~~5~~	~~3526~~	7	~~80~~	0	~~40~~	~~40~~	~~2633~~

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Table 4
Status of Company-Owned Outlets
For Years Ending December 31, 2013, 2014 and 2015

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
CA	~~2013~~2014	1	0	0	0	0	1
	2015~~4~~	1	0	0	0	0	1
	2016~~5~~	1	0	0	0	~~01~~	~~10~~
CO	2013~~4~~	0	~~01~~	0	0	0	~~01~~
	2015~~4~~	~~01~~	~~10~~	0	0	~~01~~	~~10~~
	2016~~5~~	~~10~~	0	0	0	1	0
	2014~~3~~	0	0	0	0	0	0
IL	2015~~4~~	0	0	~~02~~	0	0	~~02~~
	2016~~5~~	~~02~~	0	~~20~~	0	0	2
MD	2014~~3~~	~~13~~	~~20~~	0	0	0	3
	2015~~4~~	3	0	0	~~01~~	~~01~~	~~13~~
	2016~~5~~	~~31~~	0	0	~~10~~	~~10~~	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
	~~2013~~2014	0	0	0	0	0	0
NC	2015~~4~~	0	0	~~0~~2	~~0~~1	0	~~0~~1
	2016~~5~~	~~0~~1	0	~~2~~0	~~1~~0	0	1
PA	~~2013~~2014	~~0~~1	0	~~1~~0	0	0	1
	2015~~4~~	1	0	0	0	0	1
	2016~~5~~	1	0	0	0	0	1
TN	~~2013~~2014	~~0~~1	0	~~1~~0	0	0	1
	2015~~4~~	1	0	0	0	0	1
	2016~~5~~	1	0	0	0	0	1
Total	2014~~3~~	~~2~~6	~~2~~1	~~2~~0	0	0	~~6~~7
	~~2014~~2015	~~6~~7	~~1~~0	~~0~~4	~~0~~2	~~0~~2	7
	2016~~5~~	7	0	4~~0~~	~~2~~0	~~2~~1	~~7~~6

Table 5
Projected New Franchised Outlets as of December 31, ~~2015~~2016

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Franchised Company-Owned Outlets In the Next Fiscal Year
Alabama	~~1~~0	0	0
Arizona	1	0	0
California	0	2	~~1~~0
Florida	~~1~~0	1	~~1~~0
Georgia	0	1	~~1~~0
Kentucky	~~1~~0	0	0
Maryland	0	~~0~~1	0
Massachusetts	0	1~~0~~	~~1~~0
Minnesota	0	0	0
Missouri	0	~~0~~1	0
Nebraska	0	~~0~~1	0
New Hampshire	0	0	0
New Jersey	0	2	0
New York	0	~~0~~1	0
Ohio	0	1	0
Oregon	~~1~~0	0	0
Pennsylvania	0	1	0
Texas	~~1~~0	2	0
Utah	0	~~0~~1	0
Virginia	0	1	0

TOTALS	61	135	40

The names of all franchisees and the addresses and phone numbers of all existing franchise outlets as of December 31, 2016~~5~~ are included in Exhibit F. The name and last known address and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within ten weeks of the application date are also included in Exhibit F. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Zippy Shell® franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

During the last three years, some franchisees have signed confidentiality clauses with us.

There are no trademark specific franchisee organizations sponsored by us or endorsed by us.

The following independent franchise organization has asked to be included in this disclosure document:

Independent Association of ZippyShell® Franchisees
Board of Directors
American Association of Franchisees & Dealers
P.O. Box 10158
Palm Desert, CA 92255-1058

Phone: 619-209-3775
Fax: 866-855-1988
Email: Benefits@aafd.org

ITEM 21
FINANCIAL STATEMENTS

The audited financial statements of Zippy Shell Incorporated are attached as Exhibit "C" to this Disclosure Document for the calendar year beginning on January 1, ~~2013~~2014 and ending December 31, ~~2013~~2014, and for calendar year beginning on January 1, ~~2014~~ 2015 and ending on December 31, ~~2014~~2015, and for calendar year beginning on January 1, ~~2015~~2016 and ending on December 31, ~~2015~~2016 ~~together with accompanying report of our independent accountants. Also included is a currents unaudited August 2016 consolidated Balance Sheet and year to date profit and loss statement. THE 2016 FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.~~

~~PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~ and for calendar year beginning or January 1, 2016 and ending on December 31, 2016.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits:

1.	Franchise Agreement	Exhibit B-1
2.	Cartridge Finance Agreement	Exhibit B-2
3.	United Leasing, Inc. Equipment Lease	Exhibit B-3
4.	Addendum Number 1 to the Franchise Agreement	Exhibit B-4
5.	General Release	Exhibit G
6.	ZipMove Letter of Understanding	Exhibit H
7.	Assignment, Assumption and Release Agreement	Exhibit I

ITEM 23
RECEIPTS

You will find 2 copies of a detachable Receipt in Exhibit "K" at the end of this Disclosure Document. One receipt must be signed, dated and delivered to us. The other receipt should be retained for your records.

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE REGULATORY AUTHORITIES

CALIFORNIA

California Commissioner of
Business Oversight
320 West 4th Street
Suite 750
Los Angeles, CA 90013
213-576-7500
Toll Fee - 866-275-2677

HAWAII

Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2744

ILLINOIS

Office of the Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA

Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

Office of Attorney General
Maryland Division of Securities
200 Saint Paul Place
Baltimore, MD 21202
(410) 576-6360

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
525 Ottawa Street
P.O. Box 30213
Lansing, MI 48909
(517) 373-7117

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
(651) 539-1600

NEW YORK

Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, NY 10271
(212) 416-8222

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard, Fifth Floor
Bismarck, ND 58505
(701) 328-2910

RHODE ISLAND

Division of Securities
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Franchise Administration
Division of Securities
445 East Capitol Avenue
Pierre, SD 57501
(605) 773-4823

UTAH

Division of Consumer Protection
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Salt Lake City, UT 84114-6704
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State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, VA 23219
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WASHINGTON

Department of Financial Institutions
Securities Division
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Olympia, WA 98501
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WISCONSIN

Division of Securities
Department of Financial Institutions
P. O. Box 1768
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Wisconsin	InCorp Services, Inc. 901 S. Whitney Way Madison, WI 53711 County: Dane **AND** Administrator Division of Securities Department of Financial Institutions 201 W. Washington Avenue, Suite 300 Madison, WI 53703

EXHIBIT B-1

FRANCHISE AGREEMENT

ZIPPY SHELL INCORPORATED

Franchise Agreement

Commented [A1]: Pat will revise after the meeting

ZIPPY SHELL FRANCHISE AGREEMENT

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ZIPPY SHELL FRANCHISE AGREEMENT

This Franchise Agreement (the "**Agreement**") is made and entered into this (INSERT DATE) (the "**Effective Date**"), by and between Zippy Shell Incorporated, a Delaware corporation with its principal place of business located at 3050 K Street NW, Suite 170, Washington DC 20007 ("**Franchisor**" "we" or "us") and (INSERT NAME), a (INSERT STATE) limited liability company with its principal place of business located at (INSERT ADDRESS) ("**Franchisee**" or "You" or "you"). The words ("**Owner**" and "**Owners**") mean the each person identified in Exhibit A of this Agreement, including his or hers respective spouse where appropriate. Each of the Owners shall execute a Guaranty, substantially in the form attached hereto as Exhibit B, guaranteeing the payment and performance of all of Franchisee's obligations under this Agreement. In this Agreement, the phrase "Opening Date" is the earlier of when You open your franchise or the beginning of the fourth month after the Effective Date.

1. INTRODUCTION

1.1 (a) Franchisor operates a mobile self storage and business featuring the use of portable, modular storage units ("**Cartridges**") and the Zippy Shell® mobile self storage unit which is a specialized piece of mobile equipment (the "**Zippy Shell Units**") that is specifically designed for transporting the Cartridges. Franchisor owns or has the right to license trade names, trademarks, service marks and trade dress, and may hereafter adopt, use and license additional or substitute trade names, trademarks, service marks and trade dress in connection with the operation of the business (collectively, the "**Marks**"). Franchisor has developed and owns a comprehensive system relating to the franchising of its Zippy Shell mobile storage and moving business, which system includes accounting methods, custom computer software, advertising and marketing, sales and promotional techniques, personnel training, the Marks, Patents, equipment and specifications for authorized equipment, methods of inventory and operations control and certain business practices and policies, all of which we may improve, further develop or otherwise modify from time to time (collectively, the "**Zippy Shell System**" or the "**Zippy Shell Brand**"). When using the Zippy Shell System, Zippy Shell franchisees provide storage and moving opportunities for both individual consumers and businesses in need of storage space and/or moving services. Zippy Shell franchisees offer warehouse storage and consumers pay monthly storage rental fees for use of the Cartridges within the Zippy Shell Units that are ultimately placed in storage. When using the Zippy Shell Unit for storage, consumers pay a pickup and subsequently a redelivery fee. When using the Zippy Shell Unit for moving personal items, within the Territory, consumers pay a moving fee.

(b) When using the ZipMove® containerized moving program (the "**ZipMove Program**") outside of your Territory, consumers through us utilize third party freight transportation companies to relocate Cartridges between franchisees, Franchisor locations and third party providers or between franchisees and/or third party providers. Once loaded by consumers or third party professionals, Cartridges fit in a standard sized moving van and are transported in a moving van or through some other form of moving transportation. The Cartridges are then delivered to franchisee, Franchisor locations or third

party providers at or near the destination of the consumer's new residence. The franchisees, Franchisor locations and third party providers provide the delivery and local service support to the consumer. We charge a fee to the consumer and you will participate, as part of the franchise granted by this Agreement, in your portion of the ZipMove Program if you qualify as a ZipMove provider (as determined by us in our sole discretion) and you execute a separate agreement to become a ZipMove provider. If you do not meet these conditions, the ZipMove Program will not be part of the franchise granted to you by this Agreement, you will not be allowed to use the ZipMove Program and you will not be allowed to use the ZipMove® service marks or any other service marks designated by us for use solely in the ZipMove Program.

1.2 Franchisee has read this Agreement and our Franchise Disclosure Document and understands the terms of this Agreement and accept them as being reasonably necessary to maintain the uniformity of high quality standards of the Zippy Shell Brand which Zippy Shell franchisees need to adhere to in order to protect the goodwill of the Marks and the integrity of the Zippy Shell System. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that the industry is highly competitive, with constantly changing market conditions. You recognize that the nature of the business may change over time, that an investment in the Zippy Shell Brand and Zippy Shell System that gives you the right to operate a Zippy Shell franchise (the "**Zippy Shell Business**" or the "**Franchised Business**") involves business risks and that the success of the venture is largely dependent on your own business abilities, efforts and financial resources. **You have not received or relied on any guaranty or assurance, expressed or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement**.

1.3 Franchisor and Franchisee have engaged in extensive negotiations over the terms and conditions set forth herein and, after careful consideration and under the advice of legal counsel, desire to enter into this Agreement, on the terms and conditions set forth herein.

2. GRANT OF RIGHTS

2.1 Grant of Franchise. Subject to the terms and conditions of this Agreement, Franchisor does hereby grant to Franchisee the exclusive right to conduct a business utilizing the Zippy Shell System from one or more locations located within the Territory (the "**Territory**"), as defined in detail on Exhibit C. A Territory may consist of one Standard Territory (as defined in Section 4.1), less than one Standard Territory or more than one Standard Territory, and may include a partial Standard Territory. If your Territory includes more than one Standard Territory, then the purchase and payment requirements and minimums set forth in Sections 4.2 to 4.7 below are multiplied by the number (rounded to the nearest tenth) of Standard Territories in the Territory you acquire; provided if this number results in an obligation to purchase a portion of an item, the number of items required will be rounded up to the nearest whole item.

2.2 Term and Renewal. Unless terminated by written agreement of the Parties or pursuant to the terms of Section 11, this Agreement shall terminate twenty (20) years

after the Effective Date. So long as Franchisee is (i) in compete compliance with all material terms of this Agreement, (ii) pays a renewal fee to Franchisor in the amount of 25% of our then current initial fee, (iii) Franchisee, if permitted by the law in Franchisee's state, executes a general release in the form then provided by Franchisor, in favor of Franchisor and (iv) Franchisee executes Franchisor's then current form Franchise Agreement, Franchisee may renew Franchisee's Zippy Shell franchise for an additional Term of twenty (20) years.

2.3 Exclusive Territory. Your Territory remains exclusive so long as you are in complete compliance with all material terms of this Franchise Agreement. The size of all Territories is based on the Territories' population. All Territories are defined by ZIP Codes and all populations are determined by the United States Census Bureau's Annual Estimates of the Resident Population for the United States, for Regions, States, and Puerto Rico.

Franchisee shall not solicit, sell, advertise or promote its Zippy Shell Brand Business outside of the Territory. Notwithstanding the previous sentence, Franchisee may operate its Zippy Shell Business outside of the Territory if (i) for the expressed limited purpose of storing customer goods for customers located in its Territory, Franchisee's warehouse/storage facility is located outside of its Territory and the Zippy Shell Unit needs to travel outside of the Territory to get to Franchisee's warehouse/storage facility; or (ii) approved by Franchisor in our sole discretion; or (iii) if Franchisee reaches agreement with another Franchisee and the agreement is approved by Franchisor; or (iv) if Franchisee's customer, who originally resides within Franchisee's Territory request the delivery of goods to a location outside of Franchisor's Territory

2.4 Reservation of Rights. Except as otherwise expressly provided in this Agreement, we retain all of our rights and discretion with respect to the use of the Marks and the Zippy Shell® System anywhere else, including the right to:

(a) operate, and grant to others the right to operate the Zippy Shell Business at such locations and on such terms and conditions as we deem appropriate outside of your Territory;

(b) sell any products, equipment or services, including any components of the Zippy Shell® System, under the Marks or under any other trademarks, service marks or trade dress, through other channels of distribution,

(c) operate, and grant to others the right to operate, facilities or businesses identified by trademarks, service marks or trade dress, other than the Marks, pursuant to such terms and conditions as we deem appropriate;

(d) operate, and grant to others the right to operate, facilities or businesses under the Zippy Shell System in your Territory if you do not operate in your Territory or are in material breach of this Agreement;

(e) operate, and grant to others the right to operate, the ZipMove Program at such locations and on such terms and conditions as we deem appropriate inside

of your Territory, if you elect not to participate or otherwise do not qualify as determined by us in the ZipMove program;

(f) do anything that is not expressly and exclusively granted to Franchisee under this Agreement; and

(g) acquire other businesses or be acquired by another company, in which case the exclusivity provisions of Section 2.3 shall not apply to the acquired business or the acquiring company.

3. INTELLECTUAL PROPERTY RIGHTS

3.1 Ownership of the Marks, Copyrights, Patents and Improvements. You acknowledge that we own or have the exclusive license to use and sublicense the Marks, Copyrights and Patents (collectively, the "Intellectual Property"). Your right to use the Intellectual Property is derived solely from this Agreement and is limited to conducting the Zippy Shell Business pursuant to and in compliance with this Agreement. Your unauthorized use of any of the Intellectual Property constitutes a breach of this Agreement and an infringement of our rights. This Agreement does not confer on you any goodwill or other interests in the Intellectual Property. Your use of the Intellectual Property and any goodwill established thereby inures to our exclusive benefit. All provisions of this Agreement applicable to the Intellectual Property apply to any additional or substitute trademarks, service marks, copyrights, patents, improvements and trade dress we authorize you to use. You may not at any time during or after the Term contest, or assist any other person in contesting, the validity or ownership of any of the Intellectual Property owned by us or our Affiliates. Franchisee assigns to us all of its right, title and interest in any addition or modification to, or any development, invention or improvement on the Intellectual Property (the "Improvements"). You shall promptly disclose and make fully available all Improvements to us. We agree that any such Improvement shall be deemed a part of the Zippy Shell System provided that the Improvement is approved by us.

3.2 Use of the Marks and Intellectual Property Rights. You agree to use the Marks as the sole identification of the Zippy Shell Business, provided you identify yourself as the independent Owner thereof in the manner we prescribe. You agree to use the Marks and labeling procedures as we prescribe in connection with the sale of authorized products and services. You may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner not expressly authorized by us in writing, or permit or engage in any act that may prejudicially affect any Intellectual Property Rights. You may not use any Marks designated by us for internal use only for business identification, advertising or otherwise to the public or to actual or potential customers or for other external purposes.

3.3 Discontinuance of Use of Marks. If it becomes advisable at any time for us or you to modify or discontinue use of any Mark or use one or more additional or substitute trademarks, service marks or trade dress, you agree to comply with our directions within a reasonable time after notice. We will have no liability or obligation whatsoever with

respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress.

3.4 Notification of Infringements and Claims. You must notify us immediately of

(a) any apparent infringement by any third party of any Mark, Copyright, Patent or Improvement;

(b) any challenge by any third party to your use of the Zippy Shell® System; or,

(c) any claim by any other person of any rights in any Mark, Copyright, Patent or Improvement. You may not communicate with any person, other than us and our counsel, in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate and will have the right to control exclusively any litigation or administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark, Copyright, Patent or Improvement. You must sign any and all documents, render such assistance and do such things as may be advisable in the opinion of our counsel to protect our interests in any litigation or administrative proceeding or otherwise to protect our interests in title Marks, Copyrights, Patents and Improvements.

3.5 Indemnification of Franchisee. We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark pursuant to and in compliance with this Agreement and, except as provided herein, for all costs you reasonably incur in defending any such claim brought against you, provided you have timely notified us of such claim and provided further that you and your Owners and Affiliates are in compliance with this Agreement and all other agreements entered into with us or any of our Affiliates. We, at our sole discretion, are entitled to prosecute, defend and/or settle any proceeding arising out of your use of any Mark pursuant to this Agreement, and, if we undertake to prosecute, defend and/or settle any such matter, we have no obligation to indemnify or reimburse you for any fees or disbursements of any legal counsel retained by you.

4. THE INITIAL FRANCHISE FEE, ZIPPY SHELL MOBILE SELF STORAGE UNITS, THE CARTRIDGES LICENSE FEES AND NATIONAL ADVERTISING FUND.

The following fees and purchasing requirements are based upon Franchisee acquiring the franchise rights for one Territory. To the extent that Franchisee purchases more than one territory or a smaller or larger Territory, these fees and purchasing requirements shall be adjusted upward or downward, as appropriate, and reflected in an addendum to this Agreement.

4.1 Initial Franchise Fee. The non-refundable initial fee (the "**Initial Fee**") for the Franchisee's exclusive rights to the Territory is Seventy-Five Thousand Dollars

($75,000.00) for each Standard Territory included in the Territory, payable upon the Effective Date of the Agreement. Each "**Standard Territory**" consists of a geographic area with a population consisting of approximately five hundred thousand (500,000) people. Franchisee's initial fee will be prorated to a higher amount if the population in the Territory exceeds five hundred thousand (500,000) people or a lower amount should the Territory population be less than five hundred thousand (500,000) people. For example should the Territory consist of a population of seven hundred and fifty thousand (750,000) people, then Franchisee's non refundable initial fee would be One Hundred Twelve Thousand Five Hundred Dollars ($112,500).

4.2 Purchase of Zippy Shell Units. Upon executing this Agreement, Franchisee agrees to purchase four (4) Zippy Shell Units at the manufacturer's price of approximately Fourteen Thousand Four Hundred Fifty Dollars ($14,450.00) each ("Zippy Shell Unit Price"), payable to us or the our designee plus all applicable taxes and shipping. A payment of Fifty Percent (50%) of the Zippy Shell Unit Price (or approximately $7,225.00) for each Zippy Shell Unit ordered, for a total of Twenty-Eight Thousand Nine Hundred Dollars ($28,900.00) plus one half of the shipping fee and applicable taxes, is due upon Effective Date of this Agreement. The balance of Zippy Shell Price plus the balance of all applicable taxes and shipping is due upon shipping of the Zippy Shell Units from the manufacturer, Us or our designee, which is estimated to be within 60 days of the Effective Date of this Agreement.

Each additional Zippy Shell Unit shall be purchased subject to the terms and conditions set forth in this Section 4.2. Notwithstanding the foregoing, due to economic circumstances and conditions, the cost of each Zippy Shell Unit could increase in the future. In the event the price increases, Franchisor will notify Franchisee of the increase.

4.3 Zippy Shell Unit Administrative Fee. Franchisee agrees to pay Franchisor a $1,500 administrative fee per Zippy Shell Unit payable to Franchisor when Franchisee orders a Zippy Shell Unit. The administrative fee pays for Franchisor's provision of services in connection with the design, procurement and delivery of each Zippy Shell Unit including our costs associated with our supply chain management services. This Zippy Shell administrative fee may be adjusted annually for inflation per the increase in the U.S. Consumer Price Index.

4.4 Purchase of Cartridges. On the signing date of this Agreement, Franchisee agrees to purchase thirty-six (36) 15 Foot Cartridges at a price of One Thousand Eight Hundred Fifty Dollars ($1,850.00) per Cartridge. A payment of Fifty Percent (50%) of the Cartridge price (or $925.00 for each 15 Foot Cartridge) , for a total of Thirty-Three Thousand Dollars ($33,000.00) plus one half of the shipping and taxes, is due upon the signing date of this Agreement. The balance including the remaining, applicable taxes and shipping on a per Cartridge basis is due upon the shipping of each Cartridge from the manufacturer.

(a) Also, prior to the Opening Date, for delivery no later then the fourth month after the Term of the Agreement, Franchisee agrees to puchasee thirty-six (36) additional Cartridges Notwithstanding the foregoing, due to economic circumstances and

conditions, the cost of each Cartridge could increase in the future. In the event the Cartridge Price increases, Franchisor will notify Franchisee of the increase prior to Franchisee placing any such order.

(b) In addition, during the first two (2) years of the Term, Franchisee agrees to purchase a minimum of thirty-six additional Cartridges, until Franchisee has purchased a minimum total of one hundred and eight (108) total Cartridges subject to the terms and conditions set forth in this Section 4.4. Notwithstanding the foregoing, due to economic circumstances and conditions, the cost of each Cartridge could increase in the future. In the event the Cartridge Price increases, Franchisor will notify Franchisee of the increase prior to Franchisee placing any such order.

4.5 Cartridge License Fee. Beginning on the earlier of first day of the third month after the Opening Date or the date you actually open, Franchisee agrees to pay a Cartridge License Fee ("Cartridge License Fee") in the amount of Sixteen Dollars ($16.00) per month for each 15 Foot Cartridge and $12 for each 10 Foot Cartridge. The Cartridge License Fee for future purchases will be due on the 5th of the first full billing month 60 days after the delivery of every subsequent Cartridge. For the avoidance of doubt, the Cartridge License Fee is due and owing on each Cartridge purchased by Franchisee whether or not the Cartridge is in current use. The Cartridge License Fee is subject to below Minimum Cartridge License Fees. This Fee may be adjusted annually for inflation per the increase in the U.S. Consumer Price Index (CPI).

Minimum Cartridge License Fee	
Date You Open Your Zippy Shell Business is Month 1	
Month 1-2 after the Opening Date	$0
Month 3-5 after the Opening Date	$576
Month 6-18 after the Opening Date	$1200
Month 19-36 after the Opening Date	$2,000
Month 37-48 after the Opening Date	$3,000
Month 49 and forward after the Opening Date	$4,000

4.6 Loading Bed. Upon the Effective Date of this Agreement, Franchisee agrees to purchase a Loading Bed from Franchisor at a price of Four Thousand dollars ($4,000). The balance plus all applicable taxes and shipping is due upon the Effective Date of this Agreement. Notwithstanding the foregoing, due to economic circumstances and conditions, the cost of the Loading Bed could increase on or before the Effective Date of this Agreement. In the event the price increases, Franchisor will notify Franchisee of the increase.

4.7 National Brand Building Fund, Franchisee's Minimum Monthly Advertising Spend and Call Center Fee.

(a) *The National Brand Building Fund.* In addition to the other fees outlined above, Franchisee agrees to pay Franchisor each month a National Brand Building Fund ("NBBF") fee of five-hundred dollars ($6250.00) per month. Franchisee's NBBF will be prorated to a higher amount should the population of your Territory be greater than four hundred thousand (500,000) people. In no event, will the NBBF be prorated down should the population be less than two hundred and fifty thousand people. The first payment is due in the month of your Opening Date pursuant to section 6.5 below and will be due the 5th of each corresponding month. This Fee may be adjusted annually for inflation per the increase in the U.S. Consumer Price Index (CPI).

(b) *Use and Management of the* NBBF. The NBBF is not held in trust and we do not manage it in a fiduciary capacity. We may deposit the NBBF contributions with our other monies, but will separately and distinctly identify and account for the NBBF contributions on our books and records. We will manage and use the NBBF contributions, in our sole discretion, for the development, implementation, production, placement, payment and costs of national marketing. National marketing means, national and regional (as defined by us) advertising, marketing, promotions, public relations and/or other programs, including direct mail, market research, customer surveys and test marketing to promote and further the recognition of the Marks, the System and franchisees generally. The NBBF may also be used for other purposes such as training, franchise sales, website development, customer service support, and software development and distribution. We are entitled to reimbursement from the NBBF for our and our Related Parties' expenses incurred or advanced to administer and manage the NBBF for the conduct of the NBBF's activities and for products or services provided to the NBBF, including, but not limited to, the reasonable costs of accounting, collection and legal services, as well as other products or services which may have been provided previously by unaffiliated third parties, and the costs for employees administering, managing and providing services to the NBBF .

We are under no obligation to use or allocate NBBF contributions on a proportional basis with the NBBF contributions collected from any specific geographic area or to benefit any particular franchisee or group of franchisees. We are not obligated to use all the NBBF contributions in the year we receive them. If we spend less NBBF contributions in a year than we collect, the excess NBBF contributions will be accumulated for use in future years. The NBBF may borrow from us or other lenders to cover its deficits. We may cause the marketing fee to invest any surplus for future use by the NBBF.

Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the NBBF.

We will not be liable for any act or omission with respect to the NBBF that is consistent with this Agreement or done in good faith.

(c) *Franchisee's Minimum Monthly Advertising Spend.* You are required to spend a minimum of 5 thousand dollars ($5,000.00) per month in your Territory marketing your Zippy Shell business commencing on the first full calendar month after

your Opening Date. Franchisee's Minimum Monthly Advertising Spend (the "Minimum Spend") will be prorated to a higher amount should the population of your territory be greater than five hundred thousand (500,000) people. This Minimum Spend may be adjusted annually for inflation per the increase in the U.S. Consumer Price Index (CPI). Once per quarter after the Opening Date as we may request, You must provide adequate documentation to Us, which in our sole and complete discretion, demonstrates your compliance with this subsection (c).

(d) *National Call Center Fee.* In addition to the other fees outlined above, Franchisee agrees to pay Franchisor each month a National Call Center fee of $500 per month commencing on the Opening Date and continuing each month for the remainder of the Agreement for services related to the management by us of a centralized call center used to assist you in booking customers, which amount is subject to the annual adjustment based on the Consumer Price Index. The first payment is due on the Opening Date pursuant to section 6.5 below and will be due the 5th of each corresponding month. This Fee may be adjusted annually for inflation per the increase in the U.S. Consumer Price Index (CPI).

4.8 Payment and Automatic Withdrawal. Franchisee may not withhold payment of any fees, charges or any other amounts due to Franchisor or any affiliate of Franchisor on the grounds of alleged non-performance or breach of Franchisor or any franchisor affiliate under this Agreement or any other agreement. Franchisee agrees to open a depository account with an automated clearing house member bank and sign any documentation necessary to permit payment from its bank accounts through electronic funds transfer or similar methods of any fees, charges or payments due to Franchisor. Franchisee agrees to maintain at all times a minimum balance of $1,000 in such depository account.

4.9 Moves. If the franchisee is approved by us and enters into another Agreement with us and engages or participates in any manner in the ZipMove program whereby the Cartridges or other similar containers provided by Us are used without the Zippy Shell Units to move consumers' chattels and personal property from one residence to another residence by placing the Cartridges in a delivery vehicle such as a truck or rail car then on each occasion franchisee is hired to assist in such a move. Because the ZipMove Program is one of our programs, if you meet the conditions to be a ZipMove provider, you may be permitted through the ZipMove Program as circumstances may warrant to move a consumer's property outside of your Territory. Any other moving services you provide must be conducted and concluded in your Territory. You acknowledge and agree that you will comply with all Federal, State and Local laws that are applicable with your providing such services.

5. TRAINING AND GUIDANCE

5.1 Initial Training. Prior to the Opening Date of your Zippy Shell Business, we will provide an initial training program in the operation of a Zippy Shell business. You and/or your employee in charge of operations, or both, must attend and successfully complete the initial training prior to opening your Zippy Shell Business. The initial training program for you and/or your employee in charge of operations, or both shall be provided

at a training facility located at a location specified by us in writing. The duration of the initial training program shall be up to ten (10) days, depending on how quickly you and/or your employee in charge of operations, or both completes the initial training program. We will pay for the coach class airfare and lodging expense for up to two (2) people to attend the initial training. You are responsible for all other expenses, including meals and other travel related expenses for these two (2) individuals. You will be responsible for any more of your employees or management that desire to attend the initial training. If you desire that we train more than three (3) persons, we will train each such additional person, at no additional cost to you. If neither you nor your employee in charge of operations, or both successfully complete the initial training program after one (1) attempt, we may terminate this Agreement pursuant to Section 11.2(b) of this Agreement.

5.2 Additional Training and Conferences.

(a) *On-Site Training.* Upon your written request, we may, but are not required to, provide additional training to you at your Facility. If we agree to provide such onsite training, you must pay us an additional training fee of One Thousand Dollars ($1,000.00) per day. This Fee may be adjusted annually for inflation per the increase in the U.S. Consumer Price Index (CPI). In addition, you must pay all travel, meals and lodging expenses incurred by us or our representative(s) in providing such on-site training to you. We reserve the right to increase this fee at any time by providing you with notice of the increase.

(b) *Optional Conferences.* We may, but need not, hold periodic national or regional conferences to discuss techniques, personnel training, bookkeeping, accounting, services and the like. These conferences may be held at a location designated by us. Attendance at these conferences is optional, and we may charge a fee for you and a member of your staff to attend. You are responsible for payment of all food, travel and lodging expenses incurred by you and/or your Manager in attending any elective conference.

5.3 Operations Manual.

(a) We will lend to you, for the duration of this Agreement, our confidential Operations Manual in such form (e.g., text, CD-ROM, etc.) as we determine. The Operations Manual may consist of one or more separate manuals, all of which collectively are hereinafter referred to as the "**Operations Manual**" or the "**Manual**". The Manual will contain mandatory and suggested operating, accounting and reporting procedures, as well as quality standards for services and procedures prescribed from time to time by us for Zippy Shell businesses. You agree to comply with all mandatory items contained in the Manual. All information in the Manual is confidential and proprietary and constitutes our trade secrets. Information contained within the Manual may not be disclosed to third parties without our prior written approval, and you must take all reasonable and necessary precautions to prevent any third party from viewing or otherwise obtaining such information.

(b) Mandatory specifications, standards and operating procedures prescribed from time to time by us in the Manual or otherwise communicated to you in writing or via electronic means (including, by way of example, by CD-ROM or via e-mail or the Internet), shall constitute provisions of this Agreement as if fully set forth in this Agreement. All references in this Agreement to this Agreement shall include all such mandatory specifications, standards and operating procedures. We have the right to add to and otherwise modify the Manual from time to time to reflect changes in authorized services or products, in standards of services, and in procedures and specifications. These modifications mayor may not be a part of the Manual, but in all events shall be communicated to you in writing (including, by way of example, by CD-ROM or via e-mail or the Internet). We may provide modifications or updates to the Manual in electronic format. Such additions or modifications shall constitute provisions of this Agreement as if fully set forth in this Agreement. We will not make any modifications that are inconsistent with the express terms of this Agreement. You shall keep your copy of the Manual current. In the event of a dispute relative to the contents of the Manual, the master copy maintained by us at our principal offices shall be controlling.

5.4 Guidance. We shall advise you from time to time of operating deficiencies in your Zippy Shell business that may be disclosed by the periodic reports submitted to, or by evaluations made by us or our representative and shall furnish to you guidance in connection with: (l) methods and procedures utilized by Zippy Shell businesses; (2) all operational aspects of your Zippy Shell Business; (3) formulating and implementing advertising and promotional programs; and (4) establishment of administrative, accounting and general operating procedures for the proper operation of your Zippy Shell business. Such guidance shall be furnished in the form of the Manual and may also be furnished in other forms such as telephonic consultations, bulletins, newsletters or ongoing training. You agree to undertake good faith efforts to remedy any operating deficiencies of which you are notified within a reasonable time.

5.5 Employees; Manual. You shall hire, train, and supervise honest, reliable and competent employees for the operations of your Zippy Shell business and shall pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due with respect to your employees. Such employees shall be employees of yours and not of ours. You shall ensure that a sufficient number of trained employees are available to meet the operational standards and requirements of your Zippy Shell Business at all times. You shall ensure that your employees comply with the provisions of, and shall follow the procedures as may be set forth in, the Operations Manual or any informational materials applicable to employees as may be published or communicated by us. Your employees shall be presented with only the minimum amount of such information and material from the Operations Manual as is necessary for them to perform their assigned tasks. You shall collect the Operations Manual and related materials from all employees upon the conclusion of their employment with you.

6. DEVELOPMENT AND OPENING DATE OF YOUR BUSINESS

6.1 Development of the Franchise. You agree to do or cause to be done by the Opening Date, unless otherwise agreed to in writing by us, the following:

(a) Locate and either purchase or lease your Facility or lease a facility on a per Cartridge basis, all in accordance with Section (e)(1) below;

(b) Lease or purchase and install any improvements, equipment or other items which we may require and purchase supplies, computer hardware, software, telephone systems, office supplies, forms, and other operating items required to conduct your Zippy Shell Business, all as specified within the Manual;

(c) Obtain all insurance required by us, all as outlined in Section 9.5 of this Agreement and the Manual;

(d) Comply with all applicable state, county and local laws and ordinances pertaining to the start up of your Zippy Shell Business, including all required business permits and licenses; and

(e) Open your Zippy Shell Business and commence business continuously, as outlined in Section 6.5 below.

(e) (1) Acquisition of a Suitable Facility. You select the site or sites for the operation of your Zippy Shell business, subject to our acceptance pursuant to our standard site selection criteria. Before you acquire, by lease or purchase, any site for operation of a Zippy Shell business, you must notify us of the location and provide us with a copy of the proposed lease or purchase agreement. The location of your Facility must be approved in writing by us. In accepting or rejecting a proposed site, we will consider such matters as we deem appropriate, including without limitation, general location, access, the size of the premises, physical characteristics of existing buildings and lease terms. Our approval of a site will be by delivery of written notice to you. If you do not receive a written notice of approval within ten (10) days from us, your proposed site is considered approved. You must maintain your Facility in compliance with all applicable laws and regulations. Our acceptance of a proposed site merely signifies that we are willing to grant a franchise at the site. You shall ensure that any lease contains the following provisions:

(f) All right, title and interest to the lease may be assigned to us or our nominee, and said assignment shall be granted in writing by the lessor;

(g) Lessor shall acknowledge our existence and the requirement of our prior written approval of the lease and any subsequent renewals, extensions, modifications and amendments to the lease;

(h) Lessor shall agree to furnish to us a copy of any default notice served on you and/or lessee simultaneously with the service of the notice to you and/or lessee and, further, shall agree to give us the opportunity, but not the obligation, to cure any of your and/or lessee's defaults under the lease within fifteen (15) days following the expiration of any cure period provided under the lease assuming your and/or lessee's failure to cure the default;

(i) Lessor shall agree that, if we exercise our said right to cure your and/or lessee's defaults under the lease, then we may, at our option, succeed to your and/or lessee's interests under the lease and shall be recognized by landlord as the lessee or sublessee thereunder for the remaining term of the lease;

(j) Lessor shall agree that an expiration of this Agreement without execution of a Successor Agreement or a termination of this Agreement prior to expiration, in either case because of your and/or lessee's uncured or incurable events of default as set forth in this Agreement, shall constitute a default under the lease, giving us the right but not the obligation to cure said default under the lease by succeeding to your and/or lessee's interests as the new lessee or sublessee under the lease as aforesaid;

(k) Lessor shall agree that, if the lease expires without you and/or lessee entering into a successor lease agreement, or terminates prior to its expiration for any reason, we shall have the first right of refusal to lease the franchise location as the new lessee or sublessee;

(l) Lessor shall agree that, if we succeed to your and/or lessee's interests under the lease for any reason, we shall have the right to further assign the lease or to sublease the franchise location to either an entity owned or controlled by us, or to a franchisee who meets our requirements to be a franchisee and lessor's requirements to be a lessee or sublessee; and

(m) If we succeed to your interests under the lease as provided above, you irrevocably appoint us, by and through any of our officers as we may select, as your attorney-in-fact to execute such documents and instruments as we deem necessary or appropriate to effectuate the succession of interest, including the assignment of all licenses and permits.

6.2 Facility Construction/Improvements/Remodeling. After you purchase or sign your lease for your Facility, you must construct and/or conform and equip your Facility to the specifications contained in the Manual. You will make, at your sole expense, changes necessary to conform the Facility to the requirements specified in the Manual, including repairing items not in good condition or not functioning properly, and upgrading and remodeling the Facility, including leasehold improvements, furniture, fixtures and equipment. You agree to make the repairs and the updates and pay all required costs within reasonable time periods we establish. Any material additions, alterations, modifications, or remodeling of the Facility by you requires our prior written consent in our reasonable discretion, provided that we shall not be required to approve any proposed additions, alterations, modifications, or remodeling if the same would conform to our then-current specifications, standards, format, image, or appearance.

6.3 Relocation. You may relocate your Facility to a location of your choosing provided that: (i) your Facility meets all requirements set forth in this Section 6 (including that we have approved the location in writing); (ii) your Facility is located within your Territory; and (iii) the relocation does not cause any business interruption. If you relocate

your Facility, you are solely responsible for all expenses and liabilities incurred in relocating and, if applicable, terminating your lease for your current Facility.

6.4 Fixtures. Furnishings, Equipment and Supplies. You agree to maintain your Facility with standard fixtures, furnishings, equipment and supplies. We reserve the right to require that you purchase fixtures, furnishings, designated equipment and/or supplies for your Facility, and you agree to purchase such items upon notice from us. We may require that you purchase such items only from suppliers designated or approved by us. We do require that you place an order for purchase or lease of the designated equipment and supplies in accordance with the time table established in the Manual. Since certain equipment is integral to the operation and our image, you will replace or repair the trucks, Zippy Shell Units and Cartridges under the guidelines established in the Manual. We will provide to you our proprietary software and provide you with reasonable assistance, in our sole discretion, regarding installation and setup of that software.

6.5 Pricing, Opening Date of Your Zippy Shell Business; Waiver of Certain Claims. You must determine on your own the pricing that you will charge consumers for pick up, delivery, point to point moves and monthly storage fees. Prior to Opening Date of your Zippy Shell Business, Franchisee must complete a study of the pricing of other storage and moving operations in your Territory. Once completed, Franchisee will need to establish the pricing that Franchisee will charge consumers for storage, point to point moves, picking up and redelivery of the Zippy Shell Unit and whatever other fees Franchisee deems appropriate. You shall commence operation on the date when our authorized representative, in his/her sole judgment, determines that you (and your initial Manager, if any) have successfully completed the initial training program and are capable of providing services that meet our standards on a consistent continuing basis and your Zippy Shell Business is fully operational and validly licensed as required by applicable law. In any event, you must commence operation of your Zippy Shell Business by your Opening Date, unless otherwise agreed to by us in writing. BY VIRTUE OF COMMENCING OPERATIONS OF YOUR ZIPPY SHELL BUSINESS ON THE OPENING DATE, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR OBLIGATIONS TO YOU THAT WE ARE REQUIRED TO FULFILL PRIOR TO YOU COMMENCING OPERATION OF YOUR ZIPPY SHELL BUSINESS.

7. RELATIONSHIP OF THE PARTIES — INDEMNIFICATION

7.1 No Fiduciary Relationship. You understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you shall be an independent contractor, and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose.

7.2 Identification of Franchise Relationship. You shall conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent Owner of your Zippy Shell Business under a franchise of ours, and shall place such other notices of independent ownership on such forms, stationery,

advertising, business cards and other materials as we may require from time to time as outlined in our Brand Guidelines.

7.3 No Authority to Bind. Neither we nor you shall make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee, and neither we nor you shall be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized by this Agreement, nor shall we be obligated for any damages to any person or property directly or indirectly arising out of the operation of your Zippy Shell Business authorized by or conducted pursuant to the franchise, whether caused by your negligence, willful action or failure to act.

7.4 No Company Liability for Your Taxes. Except for income taxes imposed on us for payments made by you to us, we shall have no liability for any sales, use, excise, gross receipts, income, property or other tax, whether levied upon you, your Zippy Shell Business, or your assets, or upon us, in connection with the services performed or business conducted by you, or other payments by you to us. You agree to pay all such amounts when due.

7.5 Your Indemnity. You agree to indemnify and hold harmless us and each of our past, present and future Owners, members, managers, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future Owners, members, managers, officers, directors, employees and agents (each, an "**Indemnified Party**" and collectively, the "**Indemnified Parties**"), for, from and against any and all claims, actions, damages, liabilities, costs and expenses, including court costs and reasonable attorneys' fees (any of which shall be referred to as a "**Claim**"), incurred by any of the Indemnified Parties as a result of (i) any Claim by any third party asserted against you and/or any of the Indemnified Parties arising from the operation of your Zippy Shell Business or your alleged performance and/or non-performance of any of your obligations under this Agreement, (ii) any other Claim arising from alleged violations of your relationship with and responsibility to us, or (iii) any taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement; provided, however, that the indemnification contained in this clause shall not apply to (a) any Claim by any third party that is determined by a final and non-appealable decision of a court of competent jurisdiction to be solely caused by any intentional or unlawful act of ours, or (b) any Claim by any third party asserted against you, any of the Indemnified Parties and/or any other party arising from the occurrence or non-occurrence of any event determined by a final and non-appealable decision of a court of competent jurisdiction to be proximately caused by our failure to materially comply with the terms and conditions of this Agreement.

The Indemnified Party shall notify you in writing of any Claim to which your indemnification obligation applies as soon as practicable after such Indemnified Party obtains actual knowledge of the assertion of the Claim. The Indemnified Parties shall have the sale right, in their sole discretion, (i) to retain their own counsel of their own choosing to represent them with respect to any Claim and (ii) to control the response thereto and the

defense thereof: including the right to enter into an agreement to settle such Claim. You may participate, at your own expense, in such defense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within thirty (30) days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

7.6 Survival of Indemnities and Assumptions of Liabilities and Obligations. The indemnities and assumptions of liabilities and obligations in this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration, termination, assignment or Transfer of this Agreement.

8. OBLIGATIONS OF FRANCHISOR

In addition to any other obligations imposed upon us pursuant to the terms of this Agreement, we agree to comply with the following:

8.1 Manual. We will loan to you one (1) copy of our confidential Manual, which will be provided at the initial training program.

8.2 Equipment and Supplies. Prior to the Opening Date of your Zippy Shell Business, we shall provide for you an initial supply of Zippy Shell Units and Cartridges on the terms and conditions set forth in Section 4.

8.3 Website. We will maintain an Internet website for Zippy Shell businesses that will include such information about your Zippy Shell Business that we deem appropriate ("**Website**"). We have the sole discretion to modify the content of and/or discontinue such Website at any time in our sole discretion. Except as otherwise specifically permitted by this Agreement, you shall not establish a separate Internet website, including any Internet website located within the Internet website of a third party.

8.4 Franchisor represents and warrants to Franchisee as follows:

(a) There are no lawsuits, claims or proceedings of any nature pending or threatened that, from and after the Effective Date, will adversely affect, encumber or restrict Franchisee's rights

9. OBLIGATIONS OF FRANCHISEE

In addition to any other obligations imposed upon you pursuant to the terms of this Agreement, you agree to comply with the following requirements:

9.1 Conduct of the Business and Operating Standards.

(a) *Authorized Services.* You agree that: (i) you will not, without our prior written approval, offer any products or services that are not authorized by us; and (ii) you will not use your Zippy Shell Business or permit your Zippy Shell Business to be

operated for any purpose other than the provision of the services and products authorized by us and in compliance with this Agreement and the Manual. You will not permit the trucks, Zippy Shell Units or Cartridges to be utilized in any other business or by any other person or entity. The failure to agree to these terms and conditions is considered a material default under the terms and conditions of Section 11.3 of this Agreement. You agree to operate your Zippy Shell Business in a manner that will promote the goodwill of the Marks and in full compliance with our standards and all other terms and conditions of this Agreement and the Manual. You bear all risk of loss with regard to any customer non-payment for services delivered or furnished, or liability for loss or damage to customers' possessions. You agree that we shall have absolutely no responsibility to independently verify the truthfulness of any clement of customer communications or information furnished to you with respect to the fulfillment of customer orders.

(b) *Scope of Business.* You acknowledge the importance of providing quality professional services and products in connection with the operation of your Zippy Shell Business and agree that your Zippy Shell Business shall be confined to providing only such services and products as are from time to time required or authorized by us and are consistent with other Zippy Shell franchises operated or licensed by us. We may from time to time, without obligation to do so, add or delete services or products, and you shall do the same upon notice from us unless our prior written consent to the contrary is obtained. The deletion or discontinuance of one or more services or products by us shall not constitute a termination of the franchise or this Agreement. You shall adhere to all specifications as may be contained in the Manual or as otherwise may be prescribed by us as to methods, requirements, specifications and similar matters. Unless our prior written consent is obtained, you shall not change the services or products offered at your Zippy Shell Business.

(c) *Fulfillment of Orders.* Franchisee must order all of the Zippy Shell Brand products, including, but not limited to, Zippy Shell Units, Cartridges and Loading Bed from Franchisor, or the Franchisor's designee. Franchisor will make reasonable efforts to promptly ensure that all accepted orders are filled according to instructions given by Franchisee. Franchisee acknowledges and agrees that Franchisor may earn revenue or other preferred rights as a result of Franchisee ordering products from Franchisor or Franchisor's designee.

(d) *New Products.* Franchisor reserves the right to add new products and services and any new products or services developed by the Franchisor or made available to Franchisor shall be made available to the Franchisee, but Franchisee shall have no obligation to purchase, without its prior written consent, any new products from the Franchisor which are not in this Agreement at the time of the signing of this Agreement.

(e) *Quality and Brand Guidelines.* Utilizing the standard of what a reasonable person would do under the particular circumstances, the "quality standard" utilized by the Franchisee in the use of the Zippy Shell® Brand, including the licensed Marks shall be such as not to diminish the value or reputation of excellence of the Zippy Shell Brand or the licensed Marks. Franchisee agrees that the Franchisee shall at all times during the Term of this Agreement conform in full to the quality standards in operating the

Zippy Shell Brand in its Territory. Additionally, Franchisor has provided Franchisee with the Manual. The Manual contains certain quality standards and the Brand Guidelines contain identity standards that Franchisee must comply with. As noted above, the entire Manual, including but not limited to the sections of the Manual and Brand Guidelines, is incorporated into this Agreement by reference as if set forth fully herein. The compliance with the quality standards in this provision and the Manual and the Brand Guidelines shall be a substantive and material part of this Agreement and should Franchisee fail to comply with these standards, Franchisor may terminate this Agreement in accordance with Section 11 of this Agreement.

(f) *Hours of Operation.* Zippy Shell Brand business shall be open for business during hours we specify in the Manual ("**Business Hours**"). Franchisee shall also have driving personnel available six(6)) days per week to accommodate the pickup and delivery of a Zippy Shell Unit to and from your customers, which pickups and deliveries may occur at times other than your regular Business Hours.

(g) *Permit Entry and Inspection.* To ensure compliance with this Agreement, we or our representatives shall have the unrestricted right to enter and evaluate the Facility and the operation of your Zippy Shell Business and contact your customers. During the course of such evaluations, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Zippy Shell Business, and you and your employees shall not interfere with us or our representatives or the conduct of the evaluation. We have the right, but are in no way obligated, to analyze the results of our evaluations and provide our suggestions to you regarding the operation of your Zippy Shell Business, although we shall have no liability with respect to your adoption of any of our suggestions. You agree to provide access to the Facility and otherwise cooperate with us in the performance of such an evaluation.

(h) *Advertising and Promotions.* Franchisee shall be solely responsible with regard to establishing a local marketing and sales program, and Franchisor shall not have such responsibility, financial or otherwise, with regard to said marketing and sales program. Subject to the quality control standards set forth in this Agreement or the Franchisor's Brand Guidelines, which are a part of this Agreement and incorporated herein by reference, Franchisee shall have complete control with respect to the marketing, leasing and selling of the Zippy Shell Units and use of the Cartridges, customer opportunities and related services. Franchisor may provide Franchisee with a suggested retail price for the Zippy Shell products and services. The prices are only intended as suggested retail prices and in no way whatsoever shall Franchisee be obligated to sell the products or services at the suggested prices. Franchisee affirms and Franchisor agrees that Franchisee remains at all times under this Agreement free to determine its own pricing policy in respect to its Zippy Shell brand operations.

(i) *Reserved Right of Franchisor to Protect Value of Licensed Marks.* The Franchisor reserves the right to approve the use of the Licensed Marks solely for the purpose of protecting the value of the Licensed Marks and not in any manner whatsoever to approve, suggest, influence, or supervise the operations of the Franchisee. Franchisee shall submit examples of all proposed advertisements and other promotional materials of

the Zippy Shell Brand and the use of the Marks to Franchisor for inspection, and Franchisee shall not use any such advertisements or promotional materials in such a manner as to diminish the value or reputation of the Zippy Shell Brand, the Licensed Marks and/or the Franchisor's rights. The determination of what use by the Franchisee of the products and the Marks constitutes a use that diminishes the value or reputation of the Zippy Shell Brand or the Marks and/or the Franchisor's rights shall solely be made by Franchisor. Any and all use of the Franchisor rights and the Marks shall bear the appropriate copyright or patent registration information setting forth the ownership of the materials by the Franchisor or its affiliate. Additionally, all such materials and uses will contain a notification by Franchisee that Franchisee's business is "Independently Owned and Operated."

9.2 Best Efforts to Market the Zippy Shell® Brand. Franchisee agrees to exercise its best efforts to develop the Zippy Shell Brand in its Territory. Franchisee shall continuously market, advertise and sell the Zippy Shell Brand products and services in its Territory to real estate brokers and other relevant and appropriate local businesses and potential customers. In that regard, Franchisee shall at its expense and within a reasonable time after the Effective Date hereof, begin to develop and carry out a marketing and sales program designed to promote to third party real estate brokers and other local businesses the Zippy Shell opportunity and to potential Customers the Zippy Shell storage and moving opportunities. Franchisee will at all times provide a competent and trained sales force capable of: (a) representing the Zippy Shell Brand and opportunity in a professional manner commensurate with the spirit of this Agreement to real estate brokers and other local businesses that may be interested in leasing Zippy Shell Units. Franchisee shall also use its best efforts to assist the real estate brokers and other local businesses in marketing the Zippy Shell mobile self storage opportunities to the real estate broker customers of the local business customers as the case may be.

9.3 Books and Records; Audits.

(a) *Financial Statements.* Franchisee shall keep accurate books of accounts, records and financial statements. Franchisee shall provide to Franchisor within fifteen (15) days after the close of each calendar month financial statements of the Franchisee for the prior month and such other time periods prescribed by Franchisor, in the type and form prescribed by Franchisor and in accordance with generally accepted accounting principles (with such exceptions, if any, as prescribed by Franchisor).

(b) *Other Books and Records.* With respect to the moving program if implemented, Franchisee shall keep accurate books of account and records indicating all business of Franchisee, including revenues billed and received. Said books shall be reasonably made available at Franchisor's request.

(c) *Audit Rights.* Franchisor shall have the right to audit the books and records of the Franchisee.

9.4 Compliance with Laws and Good Business Practices. Franchisee shall comply with the laws State and Local laws of the Territory and the Federal laws in conjunction with its Zippy Shell® Brand operations.

9.5 Insurance. At your sole cost and expense, Franchisee must procure and maintain in full force and effect at all times during the Term, insurance policies in the minimum amounts as may be required by us from time to time, and shall provide us with proof of coverage on demand.

(a) *Insurance Policies.* Franchisor currently requires that Franchisee shall maintain the following Insurance policies (but the required insurance may be changed by us from time to time):

(i) Comprehensive general liability insurance and umbrella insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operations of your Zippy Shell Business, containing minimum liability protection of One Million Dollars ($1,000,000.00) combined single limit per occurrence, and Four Million Dollars ($4,000,000.00) in the aggregate, with a maximum deductible of One Thousand Dollars ($1,000.00) per claim.

(ii) Worker's compensation insurance and employer's liability insurance as required by law;

(iii) Automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the conduct of your Zippy Shell Business, containing minimum liability protection of One Million Dollars ($1,000,000.00) per claim.

(iv) Any other insurance that we specify in the Manual or otherwise require from time to time.

(b) *Carriers.* All insurance policies shall be issued by insurance carriers rated B+ or better by Alfred M. Best & Company, Inc. All carriers must be licensed and admitted in the state(s) where you operate your Zippy Shell business.

(c) *Waiver of Subrogation; Notification by Carrier.* All insurance policies required in this section shall name Franchisor and its affiliates (and our members, officers, directors and employees) as additional insureds, contain a waiver by the insurance carrier(s) of all subrogation rights against Franchisor, and shall provide that Franchisor receive ten (10) days prior written notice of termination, expiration, cancellation or modification of any such policy. Should any of Franchisee's insurance companies fail to give us notice as required in this section, then the policy of that company may be disapproved by us. In that event, you will be required to immediately find additional coverage satisfactory to us with an alternative carrier.

(d) *Certificate of Insurance; Coverage by Franchisor.* Franchisee shall furnish to Franchisor annually a copy of the certificate of insurance or other evidence of the renewal or extension of each such insurance policy. If Franchisee at any time fails or refuses to maintain in effect any insurance coverage required by Franchisor, or to furnish

satisfactory evidence thereof, Franchisor, at our option and in addition to our other rights and remedies in this Agreement, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to Franchisor, on demand, any costs and premiums incurred by Franchisor and Franchisor may, at Franchisor's option, debit your checking account for the amount of such costs or premiums.

9.6 Internet Site Hosting. You may not maintain a World Wide Web site, conduct ecommerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Zippy Shell Business without our prior written approval, which we may withhold for any reason or no reason. We reserve the right to place reasonable restrictions on any such approval and to revoke such approval at any time, for any reason.

9.7 Franchisee as Entity.

(a) *General Requirements.* If you are a corporation, partnership or limited liability company (collectively referred to as an "Entity"), you must comply with the following additional requirements:

(i) Single Purpose Entity. You must be a newly organized Entity and your organizational documents shall at all times provide that your activities are confined exclusively to operating your Zippy Shell® Business.

(ii) Resolutions; Organizational Documents. You must provide us with a resolution of the Entity authorizing the entering into and execution of this Agreement and all ancillary documents in connection therewith and the consummation of the transactions contemplated by this Agreement. Upon our request at any time, you must provide us with a copy of the organizational documents of the Entity and any other resolutions that we specify, and a Certificate of Good Standing for the Entity or the functional equivalent, and promptly notify us in writing of any amendments thereto.

(iii) Ownership Certificates. Any certificate evidencing an ownership interest in you (e.g., shares, membership interests, units, etc.) shall have conspicuously endorsed upon its face a statement in a form satisfactory to us, such as:

> "The transfer, pledge or alienation of this stock is subject to the terms and restrictions contained within the Franchise Agreement between Zippy Shell Incorporated and____"

(iv) List of Owners. You must maintain a current list of all persons owning, directly or indirectly, any ownership interest in you (the "**Ownership List**"), and shall furnish the Ownership List to us upon request, together with the addresses and phone numbers of each Owner. You shall promptly notify us of any changes to the information contained in the Ownership List.

(v) Copy of Agreement. You must distribute a copy of this Agreement to every person identified on the Ownership List.

(vi) Assumption of Agreement. The Entity must expressly assume this Agreement and all ancillary documents and must execute any documents or instruments, and take any additional action, reasonably requested by us.

(vii) Personal Guaranty. We require you and your spouse (or if you are a corporation or other entity, the owners of you and their spouses) to jointly and severally guarantee your payment of fees and costs due us during the term of this Agreement and shall bind themselves to the terms of this Agreement by executing a Continuing Guaranty, the form of which is attached to this Agreement as Exhibit B.

(b) *Agreements Among Owners.* The Owners may make a separate agreement among them providing for purchase by the survivors among them of the ownership interests of any other Owner, or other agreements affecting ownership or voting rights, so long as voting control and sixty-seven percent (67%) representation of the board of directors or members or partners remains with those individuals who initially applied for and were approved as franchisees under this Agreement. The Owners must notify us in writing of any such agreement that affects control of the Entity. Additionally, franchisee must comply with the assignment and transfer provisions set forth below in this agreement.

9.8 Minimum Investment by Franchisee. Franchisee's investment in its franchise will include not less than a minimum cash (non-financed) investment by Franchisee or its owners, which minimum may be designated by Franchisor from time to time. This minimum is currently $400,000, but such amount may be changed by Franchisor from time to time. Franchisee will provide to the Franchisor balance sheets, banking records, and other information as may be requested by Franchisor from time to time to allow the Franchisor to monitor compliance with this requirement.

10. ASSIGNMENT, TRANSFER OR OTHER DISPOSITION OF THE BUSINESS

10.1 By Us. This Agreement is fully assignable and transferable by us and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, after any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of this assignment.

(a) You agree and affirm that we may sell our self, our assets, our Licensed Marks and/or our Zippy Shell Brand to a third-party; may go public; may engage in private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

10.2 You May Not Assign Without Our Approval. You understand and acknowledge that the rights and duties created by this Agreement are personal to you or

your Owner(s) and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of You and or your Owner(s). Therefore, neither this Agreement nor your Zippy Shell Business (or any interest therein) nor any part or all of the ownership interest of you or your Owners, may be voluntarily or involuntarily (including by judicial award, order or decree), directly or indirectly, assigned, sold (whether an asset or stock transaction), subdivided, subfranchised or otherwise transferred by you or your Owner(s) including by merger or consolidation, by issuance of additional securities representing an ownership interest in you or the franchise, or, in the event of death of an Owner of Franchisee, by will, declaration of or transfer in trust or the laws of intestate succession (any of the foregoing referred to a "Transfer"), without our prior written approval, and any such Transfer without our approval shall be void and constitute a breach of this Agreement pursuant to Section 11 below and convey no rights to or interests in this Agreement, the franchise or your Zippy Shell Business. Should Franchisor agree to consent to any transfer pursuant to this Section 10.2 of this Agreement, you will pay Franchisor the greater of its costs in completing the Transfer or twenty-five percent (25%) of Franchisor's then current Initial Franchise Fee. Franchisee will also have to execute a new Agreement and each Owner remaining and new will have to execute the Guaranty in favor of Franchisor. Also, if permitted by law in Franchisee's state, Franchisee will execute a general release in the form then provided by Franchisor in favor of the Franchisor.

11. TERMINATION OF THE FRANCHISE

11.1 By You. You may not terminate this Agreement. If you feel we have materially breached this Agreement, you must invoke the Dispute process pursuant to Section 17 of this Agreement.

11.2 Pre-Operational Termination. We may, in our sole discretion, terminate this Agreement prior to your opening your Zippy Shell Business for any of the following reasons, all of which constitute material events of default under this Agreement:

(a) Your failure to commence operating your Zippy Shell business on the Opening Date, plus any approved extensions, unless circumstances beyond your control necessitate a delay and we have agreed thereto in writing.

(b) You fail to complete the initial training pursuant to Section 5.1.

11.3 Termination By Us With Thirty Days' Notice. Subject to applicable law, we may, in our sole discretion, terminate this Agreement upon thirty (30) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(a) If you fail or refuse to pay any amount owed to us within thirty (30) days after receipt of a demand for payment;

(b) If you fail to pay any amounts due for items and/or services purchased from approved or designated suppliers or vendors within ten (10) days after receipt of a demand for payment, unless the demand for payment is disputed by you in good faith;

(c) If you manage or operate your Zippy Shell Business in a manner that presents a health or safety hazard to your customers, employees or the public;

(d) If you and we agree in writing to terminate the franchise;

(e) If you misuse or make an unauthorized use of the Marks and fail to cure the misuse within ten (10) days after notice;

(f) If your Zippy Shell Business, or a substantial portion of the assets associated with your Zippy Shell Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for thirty (30) days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Zippy Shell Business, and it is not discharged within five (5) days of such levy;

(g) If you fail to provide or maintain the required insurance coverage; or

(h) If you fail to comply with any other material provision of this Agreement, or any other agreement with us, or any mandatory specification, standard or operating procedure prescribed by us.

11.4 Termination Without Cure Period. Subject to applicable law, we may, in our sole discretion, terminate the Agreement immediately upon written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(a) If you become insolvent by reason of your inability to pay your debts as they become due;

(b) If you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(c) If you abandon, surrender, transfer control of or fail to actively manage or operate your Zippy Shell Business for a period of three (3) consecutive business days, unless such failure to manage or operate is due to fire, flood, earthquake or similar causes beyond your control;

(d) If you are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the Zippy Shell Brand or the goodwill associated with the Marks;

(e) If you make any material misrepresentation to us, whether occurring before or after being granted the franchise;

(f) If you or any of your Owners makes an unauthorized Transfer;

(g) If you fail to comply with any material federal, state or local law or regulation applicable to the operation of your Zippy Shell Business; or

(h) If you, after curing a default pursuant to this Section 11, commit the same default again within a twelve (12) month period of the prior default, whether or not cured after notice.

11.5 Asset Purchase Option. You grant us the option to purchase all of the assets of your Franchised Business or all of its ownership interest held by owners (at our option and which we may assign to an Affiliate) anytime after the 120th month of the Opening Date of you and your Zippy Shell Business on the following terms and conditions:

(a) Option Period: Unless otherwise provided for in the Agreement we may exercise our option to acquire your Franchised Business at any time after 120 months following the Opening date.

(b) Exercise: To exercise our option, we must give you written notice (the "Acquisition Notice") of our intention to do so. The Acquisition Notice must be sent to you at least 120 days prior to the anticipated closing date.

(c) Purchase Price: The parties will work together to determine the valuation to set the purchase price. The parties will utilize good faith and commercially reasonable efforts to determine said valuation. The purchase price will be determined 30 days prior to closing and will be determined as the Entity Value as determined below.

(d) Entity Value: six (6) times Normalized EBITA

(e) Normalized EBITDA: Normalized EBITDA is defined as follows: EBITDA as calculated in accordance with generally accepted accounting principles in the United States, for the trailing 12-month period prior to the month in which the Acquisition Notice is received. EBITDA means earnings before interest, taxes, depreciation, and amortization. It will be normalized for the following items:

(i) Related party transactions as defined by generally accepted accounting principles to be restated at current arms length market rates.

(ii) Excess owners compensation to be normalized to expected ongoing management expenses.

(iii) Operating leases for cartridges will be restated as if they were capital leases, increasing EBITDA, with the related lease obligation to be included as a debt obligation of the Franchised Business.

(iv) All other lease obligations will be treated in accordance with generally accepted accounting principles.

Net Proceeds to you will be

Entity Value

Plus or minus net working capital (current assets less current liabilities as defined by generally accepted accounting principles in the United States) acquired by us.

Less all other debt obligations, liabilities, and contingent liabilities of the Franchised Business as defined by generally accepted accounting principles in the United States which are assumed in writing by us.

Less the agreed upon value of the cartridge operating leases obligations used to calculate Normalized EBITDA which we agree to are to be assumed in writing.

You must be able to show satisfaction of debts, acceptable to us, for all liabilities of the Franchised Business we do not agree to assume in writing.

(f) Releases: We will provide a release of liability to you for all future liabilities of the Franchised Business. You will not be relieved of any undisclosed or unassumed liabilities prior to closing and for the final settlement of all claims or contingencies at the time of closing.

(g) CPA: In case of any disagreement on any of the calculations or determinations, the determination by our independent certified public accountants or our chartered accountants will be final and conclusive.

(h) Representations and Warranties: We will be entitled to all customary representations and warranties to ensure that we get full and complete title to all of the assets or ownership interests we purchase, in such form and content, as we reasonably require.

(i) Cooperation: You must cooperate with us in preparing for the sale of your Franchised Business if we exercise our option. Moreover, you must cooperate with us in furnishing us with the necessary information to accurately calculate the purchase price.

(j) Continuing Obligations: All obligations and covenants under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect until they are satisfied in full or by their nature expire.

12. RIGHTS AND OBLIGATIONS OF US AND YOU UPON TERMINATION, EXPIRATION OR TRANSFER OF THIS AGREEMENT; NON-COMPETITION COVENANTS

12.1 Payment of Amounts Owed to Us. You agree to pay to us within fifteen (15) days after the effective date of the termination or expiration of this Agreement, or such later date that we agree to in writing, all amounts owing to us under this Agreement or any other agreement between you and us, including all accrued interest, if any, upon any of the foregoing amounts.

12.2 Additional Obligations Upon Termination, Expiration or Transfer of This Agreement. You agree that after the termination, expiration or Transfer of this Agreement you will:

(a) Not directly or indirectly at any time or in any manner identify yourself or your business as a current or former Zippy Shell Business, or as a Franchisee of or as otherwise associated with us, or use any Marks, any colorable imitation thereof or other insignia of the Zippy Shell Brand in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us;

(b) Return to us all copies of the Manual loaned to you (or any portions thereof) as well as all signs, sign faces, brochures, copies of customer lists, advertising and promotion materials, forms, and any other materials bearing or containing any of the Licensed Marks or other identification relating to a Zippy Shell® Business;

(c) Take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

(d) Notify the telephone company and all listing agencies of the termination or expiration of your right to use the existing telephone number(s) related to the operation of your Zippy Shell Business and any regular, classified or other telephone directory listings associated with any of the Marks, and to authorize transfer of same to us or at our direction to another third party. You acknowledge that as between us and you, we have the sole right to the interest in all telephone numbers and directory listings used connection with your Zippy Shell Business and you authorize us, and appoint us and any officer we designate as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer same to us or at our direction, should you fail or refuse to do so, and the telephone company and all listing agencies may accept such direction or this Agreement as conclusive of our exclusive rights in such telephone numbers and directory listings and our authority to direct their transfer;

(e) Assign all customer contracts to us and refrain from servicing or communicating with any existing or prospective Zippy Shell customer with whom you or any of your employees had been in contact during the course of this Agreement;

(f) Furnish to us within thirty (30) days after the effective date of termination, expiration or Transfer of this Agreement evidence satisfactory to us of your compliance with the foregoing obligations; and

(g) Upon our request, assign any other contracts or leases to us or to any third party that we may designate.

12.3 Know-how. You agree that upon the termination, expiration or Transfer of this Agreement: (i) you will immediately cease to use the Know-how disclosed to you pursuant to this Agreement, the Manual or otherwise; and (ii) you will not disclose the Know-how to any person at any time. For purposes of this Agreement, the phrase "Know-how" means the Zippy Shell Brand(sm), the Marks, the patents, the Zippy Shell Business, all proprietary information provided to you during the Term, including but not limited to, the Manual, the Quality Standards, the Brand Guidelines, technology and business concepts.

12.4 Restrictive Covenants.

(a) *Reason for Covenants.* You acknowledge that the Marks, the business and reputation associated therewith, the methods and techniques employed by us, the training and assistance provided by us, and the knowledge of our methods, operations and services, contacts and experience acquired by you are of considerable value and would not be acquired except through implementation of this Agreement. Further, you acknowledge that our principals have devoted significant time and expended many thousands of dollars in the development of the Zippy Shell System. As a result, both parties agree that we possess a proprietary interest in such Know-how that the parties acknowledge as a trade secret owned by us subject to a restricted license to you for utilization during the Term of this Agreement in accordance with the terms and conditions of this Agreement and the Manual. Further, you agree that competition by persons or entities associated with you (including family members) and/or with your Zippy Shell Business could seriously jeopardize us and the entire franchise system because you have received an advantage through the knowledge of the day-to-day operations and the Know-how related to the Zippy Shell® Brand.

(b) *Covenants.*

(i) Non-competition. During the Initial Term and any successor Term, if applicable, and for a period of two (2) years after the termination, expiration or Transfer of this Agreement for any reason (the "Restrictive Period"), you, including all Owners of the Franchisee shall not compete with us or our affiliates, whether directly or indirectly within a One Hundred (100) mile radius of any boundary of your Territory; provided, however, that in the event that a court of competent jurisdiction determines that the two (2) year Restrictive Period is unenforceable, then the Restrictive Period shall be one (1) year within a fifty (50) mile radius of any boundary of your Territory. "Restrictive Period" shall mean the Initial Term and Successor Term, if applicable, and for a period of two (2) years after the termination, expiration or Transfer of this Agreement for any reason within

a one hundred (100) mile radius of your Territory; provided, however, that in the event that a court of competent jurisdiction determines that the two (2) year Restrictive Period is unenforceable, "Restrictive Period" shall mean the Initial Term and Successor Term, if applicable, and for a period of one (1) year after the termination, expiration or Transfer of this Agreement for any reason within a fifty mile radius of any boundary in your Territory..

(ii) Non-solicitation. During the Initial Term and Successor Term, if applicable, and for a period of two (2) years after the termination, expiration or Transfer of this Agreement for any reason, you and/or your Facility Manager shall not, directly or indirectly, induce or attempt to induce: (i) any employee or manager of us or of any other Zippy Shell Business to leave the employ of said party; or (ii) any customer of ours or any Zippy Shell Franchisee (including customers serviced by you while you were a Franchisee) to transfer their business away from us or any other Zippy Shell Franchisee to you or any other person that is not then a Zippy Shell Franchisee.

(iii) Non-disclosure. You and/or your Facility Manager shall not at any time, whether during the Initial Term or Successor Term, if applicable, or at any time after the termination, expiration or Transfer of this Agreement, directly or indirectly divulge or otherwise disclose any of the Know-how to any unauthorized person, including family members.

(c) *Reasonableness of Covenants.* You acknowledge and agree that the covenants described in section 12.4(b) above are reasonable both in time and in scope of geographic area. You acknowledge and agree that your failure to adhere strictly to the restrictions of this Section will cause substantial and irreparable damage to us for which there is no adequate remedy at law. Therefore, you acknowledge that any violation of the terms and conditions of section 12.4(b) above shall give rise to an entitlement to injunctive relief. You also acknowledge and agree that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of these covenants.

(d) *Equitable Relief.* We shall still have an independent right to apply for equitable relief, including an injunction, regardless of the enforceability of any other section within this Agreement. Notwithstanding any provision of this Agreement or any other agreement, we shall not be required to arbitrate any claim relating to the subject matter of Section 12 of this Agreement.

(e) *Severability.* The parties agree that each section of this Agreement, including each subsection, is severable. In the event that any section or subsection of this Agreement is unenforceable, it shall not affect the enforceability of any other section or subsection and each party to this Agreement stipulates and agrees that the court may impose terms that it deems in its discretion shall make the covenant(s) reasonable in terms of scope, duration and geographical restraint.

(f) *Attorneys' Fees.* You agree to pay our reasonable attorneys' fees and all other reasonable costs incurred by us in the prosecution of any action between the parties provided we prevail in said action.

12.5 Continuing Obligations. All of your obligations that expressly or by their nature survive the termination, expiration or Transfer of this Agreement shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

13. GENERAL PROVISIONS

13.1 Severability and Substitution of Valid Provisions.

(a) *Severability.* Except as expressly provided to the contrary in this Agreement, each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, non-appealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are 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, which shall continue to be given full force and effect and bind the parties to this Agreement, although 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 you are a party thereto, otherwise upon your receipt of a notice of non-enforcement thereof from us.

(b) *Substitution of Provisions.* If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required under this Agreement, or the taking of some other action not required under this Agreement, or if under any applicable and binding law or rule of any jurisdiction any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions of this Agreement, and we shall have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duly permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement, or any specification, standard or operating procedure prescribed by us, any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement shall be effective only in such jurisdiction, unless we elect to give them greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions.

13.2 Waiver of Obligations.

(a) We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request therefore, and such approval shall be obtained in writing.

(b) We make no warranties or guaranties upon which you may rely, and assume no liability or obligation to you, by granting any waiver, approval or consent to you, or by reason of any neglect, delay or denial of any request therefore. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to continuing review by us, and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice. Except as otherwise expressly provided herein, if we fail to approve or reject any request of yours within the period of time specified therefore, we shall be deemed to have disapproved your request.

(c) We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise prior to the expiration of its term) by virtue of (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Zippy Shell businesses; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

(d) Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from: (i) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate requests, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or omissions of the other party; (iii) fires, strikes, embargoes, war, or riot; or (iv) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.

13.3 You May Not Withhold Payments. You agree that you will not, on grounds of the alleged non-performance by us of any of our obligations under this Agreement, withhold payment of any amounts due to us under this Agreement or any other agreement between you and us.

13.4 Disputes.

(a) *Arbitration.* Franchisee agrees that Franchisee will not, on grounds of alleged non performance by Franchisor under this Agreement, withhold any payment or amounts due Franchisor under this Agreement. Before any arbitration takes place, the parties agree to submit the controversy or claim to non-binding mediation before a mutually-agreeable mediator. Thereafter, the parties agree to submit any claim or dispute, disagreement, or matter pertaining to interpretation of this Agreement or issues relating to the offer and sale of this license except as otherwise specified in Sections 12 and above (a "Dispute"), to binding arbitration before the American Arbitration Association ("AAA") in The District of Columbia. The hearing shall be conducted pursuant to the Commercial Arbitration Rules of the AAA, and under the Expedited Procedures of such rules or under the Optional Rules for Emergency Measures of Protection of the AAA, if they may apply to the Dispute. Unless prohibited by applicable law, any Dispute must be brought by you by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be deemed forever waived and lost.

Any Dispute and any arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. Any such arbitration proceeding will not be consolidated with any other arbitration proceeding involving any other person, except for disputes involving affiliates of the parties to such arbitration. The parties agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 23 of the Federal Rules of Civil Procedure) within the same proceeding as the Dispute to which it relates. Any such Dispute which is not submitted or filed in such proceeding will be barred. Any mediation settlement or arbitration award will have a binding effect only on the actual Dispute mediated or arbitrated, and will not have any collateral effect on any other Dispute whatsoever, whether in litigation, arbitration, mediation, or other dispute resolution proceeding.

There shall be a panel of three (3) neutral arbitrators chosen from a list maintained by the AAA. Those individuals shall be experienced in the operation of franchise systems either as attorneys, accountants or businesspersons. The arbitrators shall render a binding and legally enforceable award that may be confirmed by a court of competent jurisdiction upon application of the prevailing party. The party filing the arbitration shall initially bear the cost of any arbitration fees or costs. However, the arbitrators shall in their discretion have the authority to award to the prevailing party all costs of the proceeding, including the arbitrators' costs, out-of pocket disbursements and reasonable attorneys' fees. The arbitrators will not have the authority to award exemplary or punitive damages.

Should the parties so choose, they may waive in writing the requirement of arbitrating before a three-person panel and stipulate to binding arbitration before a sole arbitrator under the provisions stated in this Section.

Notwithstanding the foregoing, the infringement of the Marks or

copyrighted items, unauthorized disclosure of Know-how, or violations of the non-competition, non-disclosure or non-solicitation covenants may cause irreparable harm to us, other Zippy Shell Licenses, and the Zippy Shell Brand as a whole. Accordingly, claims by either party to this Agreement related to these acts shall not be subject to the mediation or arbitration procedure, including claims for liquidated or punitive damages arising from any such infringement, unauthorized disclosure, or violation of a non-competition, non-solicitation or non-disclosure covenant.

If a court of competent jurisdiction decides the requirement to arbitrate a Dispute is unenforceable because applicable law does not permit the type of claim involved to be resolved by arbitration, or because this Agreement limits a party's rights or remedies in a manner applicable law does not permit, or for any other reason, then the arbitration clause shall not be void. Only those portions of the arbitration clause with respect to such claim or claims as are necessary to comply with applicable law will be invalid and considered severable, but the remainder will be enforced.

Our waiver of any of your defaults will not constitute a waiver of any other default and will not prevent us from requiring you to strictly comply with this Agreement.

13.5 Specific Performance/Injunctive Relief. Nothing contained in this Agreement shall bar our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

13.6 Rights of Parties are Cumulative. The rights of us and you under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement shall preclude the exercise or enforcement by us or you of any other right or remedy under this Agreement or which we or you are entitled by law to enforce.

13.7 Costs and Attorneys' Fees. If we are required to enforce this Agreement in a judicial proceeding, the party substantially prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees as assessed by the court.

13.8 Governing Law/Consent to Jurisdiction.

(a) Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise shall be governed by the laws of the District of Columbia, without regard to principles of conflict

of laws, subject to any restrictions imposed by the laws of the state governing your Zippy Shell Business as described in an attachment to this Agreement.

(b) Each of the parties to this Agreement agrees that any legal action between the parties not subject to arbitration shall exclusively be brought in a federal or the local court located in the District of Columbia, having jurisdiction of the subject matter thereof, and each party irrevocably consents to personal jurisdiction in any such federal or local court, waives any right to object to such venue or to assert the defense of forum nonconvenience, and agrees that service of complaint or other process may be made by certified or registered mail addressed to such party at its address set forth in, or determined in accordance with, Section 14.11 below, subject to any restrictions imposed by the laws of the state governing your Zippy Shell Business as described in an attachment to this Agreement. .

13.9 Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest.

13.10 Integration, Nature and Scope, Construction.

(a) THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. The exhibit(s) and/or attachments are part of this Agreement, which constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Any representations not specifically contained in this Agreement made prior to entering into this Agreement do not survive subsequent to the Effective Date of this Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the contents or representations that Franchisor made in the Franchise Disclosure Document. You and we have entered into this Agreement for the sole purpose of authorizing you to use the intellectual property rights licensed by this Agreement in the operation of a Zippy Shell Business from your Facility within the Territory during the term of this Agreement. All consideration being furnished by you to us during the course of performance of this Agreement has been determined based on the limited rights and other limitations expressed in this Agreement. No other rights have been bargained for or paid for. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties further acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks to both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. No custom, practice, course of conduct or course of dealing between the parties shall in any way modify, amend or supersede any express provision of this Agreement.

(b) Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

(c) The headings of the several sections and subsections of this Agreement are for convenience only and do not define, limit or construe the contents of such sections or subsections. All references to Sections refer to the Sections contained in this Agreement.

(d) The term "you" as used in this Agreement is applicable to one or more persons, a corporation, partnership or limited liability company, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive. If "you" are a corporation, limited liability company or partnership, the term "you" also includes your shareholders if you are a corporation, your members if you are a limited liability company and your partners if you are a partnership. If two or more persons are at any time franchisee under this Agreement, their obligations and liabilities to us shall be joint and several. References to "you" and "transferee" which are applicable to an individual or individuals shall mean the principal Owner(s) of the equity or operating control of you or the transferee, if you or the transferee is a corporation, partnership or limited liability company.

(e) This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

(f) Time is of the essence in this Agreement.

13.11 Notice. All notices and statements to be given under this Agreement are to be in writing, delivered by hand, first class mail, certified mail return receipt requested or by nationally recognized overnight courier, to the following addresses (which may be changed by written notice). Notices of changes of addresses must be given at least ten (10) business days in advance of any notification contemplated under this provision or the prior address on file shall be deemed valid:

YOU: As set forth at the beginning of this Agreement

US: Zippy Shell Incorporated
As set forth at the beginning of this Agreement

Notice shall be considered given at the time delivered by hand, or three (3) business days after placed in the mail, or two (2) business days after sending by overnight delivery with a nationally recognized overnight courier.

13.12 Payment. All payments and reports required by this Agreement shall be directed to us at the address notified to you from time to time, or to such other persons and places as we ay direct from time to time. Any required payment or report not actually received by us during regular business hours on or before the date due, or not sent to us on the date due by Express mail or equivalent, shall be deemed delinquent.

14. REPRESENTATIONS AND ACKNOWLEDGEMENTS

14.1 No Additional Representations By Us. NO SALESMAN, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT THE CHIEF EXECUTIVE OFFICER, OR IF NONE, AN OFFICER OF OURS BY A WRITTEN DOCUMENT. NO REPRESENTATIONS, PROMISES, GUARANTIES OR WARRANTIES OF ANY KIND WERE MADE BY US OR OUR REPRESENTATIVES TO INDUCE THE EXECUTION OF, IN CONNECTION WITH, THIS AGREEMENT EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT.

14.2 Representations by You. You hereby represent as follows:

(a) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF THOSE YOU EMPLOY, AND YOU EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE THAT YOU HAVE NOT RECEIVED OR RELIED UPON, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

(b) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT, THE FRANCHISE DISCLOSURE DOCUMENT OR THE DOCUMENTS INCORPORATED IN THIS AGREEMENT.

(c) YOU HAVE RECEIVED, READ AND UNDERSTOOD OR HAD THE OPPORTUNITY TO READ AND UNDERSTAND THIS AGREEMENT, THE FRANCHISE DISCLOSURE DOCUMENT AND THE EXHIBITS AND/OR ATTACHMENTS TO THIS AGREEMENT AND YOU HAVE HAD THE OPPORTUNITY TO MEET WITH US TO ASK QUESTIONS AND RECEIVE ANSWERS ABOUT THE FRANCHISE AND TO OBTAIN ADDITIONAL INFORMATION FOR VERIFICATION PURPOSES AND TO OBTAIN COUNSEL OF YOUR CHOOSING TO REVIEW THIS AGREEMENT AND DISCUSS YOUR LEGAL RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.

(d) YOU HAVE RECEIVED OUR CURRENT FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED OR YOU PAID ANY MONEY TO US. YOU FURTHER ACKNOWLEDGES THAT YOU RECEIVED A COMPLETE COPY OF THIS AGREEMENT, THE ATTACHMENTS HERETO, AND ALL RELATED AGREEMENTS ATTACHED TO THE FRANCHISE

DISCLOSURE DOCUMENT, AND THAT YOU WAITED AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTING THEM IF ANY CHANGES TO SUCH AGREEMENTS WERE UNILATERALLY AND MATERIALLY MADE BY US.

(e) YOU HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO BE CAPABLE OF EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN A BUSINESS SUCH AS THE ZIPPY SHELL BUSINESS OFFERED BY US AND YOU ARE MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT THERETO.

YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT, AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

Franchisor: Zippy Shell Incorporated

_____

By: Rick Del Sontro
Its: CEO

Franchisee

_____

LIST OF EXHIBITS

Exhibit A – Ownership Schedule

Exhibit B – Guaranty and Assumption of Franchisee's Obligations

Exhibit C – Territory

Exhibit D – Zippy Shell Management System

EXHIBIT A
TO FRANCHISE AGREEMENT

OWNERSHIP SCHEDULE

Franchisee:_____

Trade Name (if different from above):_____

Form of Ownership
(Check One)

_____ Individual _____ Partnership _____ Corporation _____ Limited Liability Company

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

If a Limited Liability Company, provide name and address of each member and each manager showing percentage owned and indicate the state in which the Limited Liability Company was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

_____

_____

_____

_____

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

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

_____
Date

_____
Franchisee Name
By:
Its:

EXHIBIT B
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "**Agreement**") by Zippy Shell Incorporated, a Delaware corporation (the "**Franchisor**"), each of the undersigned, including his or her spouse in a community property states, hereby personally and unconditionally:

Guarantees to the Franchisor and its successors and assigns, for the term of the Agreement, including renewals thereof, that the franchisee as that term is defined in the Agreement ("**Franchisee**") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

Agrees to be personally bound by and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by the Franchisor of the foregoing undertaking;

2 Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

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

5. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

a. His or her direct and immediate liability under this guaranty shall be joint and several;

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

c. Such liability shall not be contingent or conditioned upon pursuit by

the Franchisor of any remedies against Franchisee or any other person; and

d. Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the 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, including renewals thereof.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed.

WITNESS	**GUARANTOR(S)**
1._____	_____
_____	_____ Guarantor Spouse
2._____	_____
_____	_____ Guarantor Spouse
3._____	_____
_____	_____ Guarantor Spouse

EXHIBIT C

Territory

Pursuant to Section 2.1 of the Franchise Agreement, Franchisee's is granted the following exclusive Territory:

EXHIBIT D

Zippy Shell Management System

Each franchisee will be required to use the Zippy Shell Management System to process, track and manage all customer inquiries, quotes and booking for Zippy Shell services. Integrated into the Zippy Shell Management System is a system which performs credit card processing. Franchisees will be required to open a credit card merchant account with the Zippy Shell Incorporated designated credit card processing provider. This is to ensure seamless processing of credit card transactions including reoccurring credit card charges. The system will be provided to franchisees via a remote application delivery technology which will not require the purchase of additional equipment necessary to install and run the Zippy Shell Management System locally to their operations location.

EXHIBIT B-2
CARTRIDGE LEASE AGREEMENT

LCA
LEASE CORPORATION OF AMERICA

#

Equipment Finance and Security Agreement

INSTRUCTIONS AND AGENCY DISCLAIMER: The words "*you*" and "*your*" refer to the Debtor (i.e. the customer who is purchasing the Collateral); "*we*", "*us*" and "*our*" refer to **LCA Bank Corporation** or its affiliate **Lease Corporation of America**, the Secured Creditor. The supplier and the salespeople are not our agents and they are not authorized to waive or alter this Agreement. Please read the entire Agreement and complete/verify all shaded areas. Do not use any correction fluid. Initial all changes. If you have any questions, please contact us in Michigan at 1-800-800-8098.

Description of Collateral (Equipment) *(please include quantities and serial numbers if applicable)*

Collateral (Equipment) Location *(if different from billing address)*

Address	City	County	State	Zip

Debtor: *You must verify and or complete all information*

Complete Legal Name of the Debtor

Billing Address	City	County	State	Zip

Phone #	Fax #	Federal ID No. (FID#)	Organizational ID (if any)

Equipment Cost	Down Payment	Total Advance	Term	Frequency	Payment Amount	Advance Payment	Doc Fee
$	$	$		Monthly	$	$	$
			(Months)	(Mo., Qtr., 1/2 Yr., Yr.)			

Initial Each Item

X	If there is any problem with the Collateral or Supplier or with any assertion they might have made about the Agreement, you agree to make all payments when due and make any claim relating to the problem only to the Supplier, waiving any such claim against us.
X	This Agreement cannot be canceled nor modified except by written agreement signed by you and by us.
X	I have read all of the terms and conditions of this Agreement in its entirety including both pages of this agreement.

Agreement Acceptance

Before signing this Agreement, you acknowledge receipt of a completed copy of the Agreement and the Agreement Application specifying the Supplier of the Collateral. You further acknowledge that this Agreement is not binding on us until we accept it by signing the Secured Creditor Section. You agree that facsimile signatures and initials on any attachment or addendum may be treated as originals. You acknowledge that you have read, understood and have agreed to all the terms of the Agreement and have consulted with your attorney if you have any legal questions about the Agreement.

Debtor:

X_____

Signer Name and Title — Date

Secured Creditor:

_____

Title — Date

Personal Guaranty

In the Guaranty, *you* means each person making the Guaranty, and *we*, *us*, and *our*, mean the Secured Creditor. In consideration of us entering into the Agreement and making the advances described herein to or for the benefit of the Debtor, you, the guarantor, jointly and severally acknowledge that you will benefit or have benefited from the advances made by us, you jointly and severally guaranty that the Debtor will make all payments, pay all other charges under this Agreement when due, and will perform all other Agreement obligations promptly. **You also agree to be subject to all Agreement provisions, including, but not limited to, the consent to Michigan law, jurisdiction and the venue of Michigan courts and the waiver of a trial by jury.** You also agree that we may make other arrangements with the Debtor and you will still be responsible for those payments and other obligations. Each of you individually agrees to be fully responsible whether or not we initiate or exhaust any remedy or proceeding against the Debtor, the Collateral, or any other guarantor. We do not have to notify you if the Agreement is in default. If it is, you agree to pay any amounts due under the Agreement immediately upon request. You will reimburse us for all expenses we incur enforcing the Agreement against the Debtor or the guaranty against you, including our reasonable attorney's fees.

X_____ X_____

Signer Name, Individually Date Signer Name, Individually Date

Collateral Acceptance and Purchase Advance Authorization

You, the Debtor, certify that all of the Collateral under this Agreement has been delivered and has been received by you, that you are satisfied with the supplier, the installation, and the Collateral and that all work necessary to use the Collateral has been done, that the Collateral has been examined by you and it works as promised, and that the Collateral is accepted by you for all purposes under this Agreement. **ACCORDINGLY YOU INSTRUCT AND AUTHORIZE US TO ADVANCE THE FUNDS TO THE VENDOR FOR THE PURCHASE OF THE COLLATERAL.**

Debtor:

X_____ _____

Signer Name and Title **Date**

Revised 08/09

For good and valuable consideration the receipt of which is hereby acknowledged, Debtor and Secured Creditor agree as follows:

1. Total Advance and Your Payments. We have loaned to you or on your behalf the "Total Advance". You agree to repay the Total Advance in periodic installments each in the amount of the Payment Amount at the Frequency for the Term. The Payment Amount includes accrued interest on the Total Advance and any other applicable fees or charges. All payments are to be made without offset. The initial installment payment shall be due on the date indicated on the first invoice issued by us to you and subsequent installment payments shall be due on the same day of each Frequency period thereafter until the entire Total Advance and all accrued interest thereon and all other applicable fees and charges are paid in full. In the event you were required to make an advance payment in the amount listed above at the time your loan was approved by us, those advance payments will be applied to repayment of the Total Advance in the inverse order received, which will mean that the Term shall be shortened from that stated above. You may not prepay your principal balance in whole or in part except as provided herein. All other amounts due hereunder shall be due as provided hereby. If you default this Agreement, we may apply any payments received to your obligation in such order as we choose. All payments must be received by us by the due date and shall be made to us at our Michigan address.

2. Security Interest; Perfection of Security Interest. You hereby grant us a security interest under the Uniform Commercial Code ("UCC") in the above property (collectively the "Collateral" and individually an "Item" or "Item of Collateral") to secure the prompt performance of your obligations hereunder and under any other present or future agreement with us. You authorize us to file a financing statement describing the Collateral to perfect our security interest. Our security interest in the Collateral shall be and shall remain a first priority security interest.

3. Financing; No Agency; Disclaimer of Warranties. You have selected each Item of Collateral and the manufacturer and/or supplier thereof based on your own judgment and you expressly disclaim any reliance upon us in making your purchase. We are only financing your purchase of the Collateral by lending to you the Total Amount. You acknowledge that neither the Collateral's manufacturer nor the supplier is our agent and no agreement or representation as to the Collateral by any sales representative or agent of the manufacturer or supplier will in any affect your obligations to us. **BECAUSE WE ARE NOT THE MANUFACTURER OR SUPPLIER OF THE COLLATERAL, NOR THE AGENT THEREOF, WE MAKE NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES WHATSOEVER, INCLUDING THE COLLATERAL'S MERCHANTABILITY, ITS FITNESS FOR A PARTICULAR PURPOSE, OR ITS CONFORMITY TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER.** If the Collateral is not properly installed, does not operate as represented or warranted by the manufacturer or supplier, or is unsatisfactory for any reason whatsoever, you shall continue making payments to us when due, and you shall make any claim relating to the Collateral only against the manufacturer or supplier. You hereby waive any such claim against us.

4. Law, Jurisdiction, Venue and Non-Jury Trial: This Agreement shall be deemed executed and performed in Michigan and Michigan law will apply to it, except to the extent that the UCC provides for the application of the law. **YOU EXPRESSLY AGREE TO: a) BE SUBJECT TO THE PERSONAL JURISDICTION OF THE STATE OF MICHIGAN; b) ACCEPT VENUE IN ANY FEDERAL OR STATE COURT IN MICHIGAN; AND c) WAIVE ANY RIGHT TO TRIAL BY JURY.** You acknowledge that you are conducting business in Michigan.

5. Your Representations and Warranties to Us: You and all persons signing as guarantors ("Guarantor(s)") represent and warrant to us, and we rely on the fact that a) you have freely chosen to finance your purchase of the Collateral over time, only after considering alternative means of acquiring the Collateral including cash purchase; b) financial information and other statements, now or later provided to us, are accurate and correct, and you acknowledge that we are relying on them to make you the loan and to enter into the Agreement; c) you are currently meeting all of your debts as they come due; d) the Collateral is provided exclusively for your existing business purposes and not for personal, family or household purposes; e) you, the person signing this agreement on your behalf, and any guarantors have unrestricted power to enter into this Agreement, have duly authorized the person executing it, and certify that all signatures are authentic; f) you own the Collateral free and clear of all liens or encumbrances, the Collateral is in good working order, and you have purchased it for the "Equipment Cost" stated above, which is net of all rebates and discounts; g) you acknowledge that we are ready and willing to negotiate the provisions of this Agreement prior to your signing the Agreement; and h) this Agreement has been duly authorized by you and upon execution by you shall constitute the legal, valid and binding obligation of you enforceable against you in accordance with its terms; i)you are solely responsible for any data, information, images, or the like ("Saved Data") saved to any systems in or related to the Collateral and indemnify and hold us harmless for any claims related thereto; j)you shall remove, delete and scrub all Saved Data from the Collateral before it may be returned to us or transferred to another person.

6. Location; Inspection; Use. You shall keep the Collateral (or as to any Item that is movable, it shall be permanently garaged) at the Location listed above and it shall not be removed from the United States. Upon request, you shall tell us the exact location of an Item of Collateral. We may inspect the Collateral during normal business hours and enter the premises where the Collateral may be located for such purpose. Each Item shall be used solely for commercial or business purposes and operated in a careful and proper manner and in compliance with all applicable governmental requirements, all requirements of insurance policies carried hereunder, and all manufacturers' instructions and warranty requirements.

7. Alterations; Security Interest Coverage. You shall not make any alterations, additions or improvements to an Item of Collateral without our prior written consent. All additions and improvements made to an Item shall be deemed accessions thereto, and, shall not be removed if removal would impair the Item's economic value or functional utility. Our security interest shall cover all modifications, accessions, additions to and replacements and substitutions for, and proceeds from, the Collateral. You will not make any replacements or substitutions without our prior written consent.

8. Maintenance. You shall maintain the Collateral in good repair, condition and working order. You shall cause all repairs required to maintain the Collateral in such condition to be made promptly by qualified parties. You will cause each Item of Collateral for which a service contract is generally available to be covered by such a contract which provides coverage typical as to property of the type involved and is issued by a competent servicing entity.

9. Loss and Damage; Casualty Value. You assume all risk of loss, damage or destruction to the Collateral from whatever cause and for whatever reason. If the Collateral or an Item of Collateral shall become lost, stolen, destroyed or damaged beyond repair, or seized, you shall pay us the "Casualty Value" of such Item(s), which will equal a) any amounts due at the time of such payment and b) each future installment payment due with respect to such Item(s) discounted at five percent (5%) per annum simple interest from the date due to the date of such payment.

10. Taxes and Fees. You shall timely file and pay all taxes, fees, including registrations, fines, penalties, and other governmental assessments based on your ownership, use or purchase of the Collateral, including all sales or use taxes You shall reimburse us on demand for any filing or release fees and other reasonable administrative expenses. You also agree to pay us a documentation and processing fee to pay our administrative costs in starting and terminating this Equipment Finance and Security Agreement.

11. Insurance. You shall insure all of the Collateral against loss or damage for not less than its full replacement value and shall cause us to be named as an additional insured and loss payee. You shall also purchase public liability and property damage coverage applicable to the Collateral in such amounts as we may reasonably require. All such insurance shall be in a form and with companies acceptable to us, shall provide at least thirty (30) days advance written notice to us of material change or cancellation, shall provide full breach of warranty protection, if appropriate, and shall provide that the coverage is "primary". In the event of an assignment of this Agreement of which you receive notice, you shall cause such insurance to provide the same protection to the assignee as our interest may appear. Insurance proceeds, at our sole option, shall be applied towards a) the repair or replacement of the appropriate item(s) of Collateral, b) payment of the Casualty Value thereof or c) payment of any other accrued obligations of you hereunder. Any excess of such proceeds remaining shall belong to you. You shall furnish us with evidence satisfactory to us that the required insurance coverage is in effect. If you do not provide us with acceptable evidence of insurance before the due date of any scheduled payment, you agree to pay us a risk fee with each payment liquidated to be equal to 0.25% of the original cost of the Collateral. The purpose of this risk fee is to compensate us for the fact that you have not provided to us with proof that the Collateral is insured as agreed. **This risk fee shall be income to us and will not be used to purchase any insurance or otherwise cover any costs, expenses or losses caused by a loss of any of the Collateral. The amounts of risk fees paid by you will not decrease your liability hereunder for a loss of any of the Collateral or otherwise.** The risk fee does not release you from your duty to provide and maintain insurance coverage and you have no rights to any insurance benefits from us in the event of a loss. You acknowledge that you are in the best position to prevent the charging of this risk fee by providing to us proof of insurance in accordance herewith.

12. Failure to Act. If you fail to perform any of your obligations hereunder, we may perform such obligation, at our option, and you shall a) reimburse to us the cost of such performance and b) pay us the service charge contemplated in paragraph 10.

13. Liability: You shall indemnify, defend and hold us harmless from and against any and all claims, losses, or injuries caused by the Collateral or its condition (whether actual, alleged, latent or discoverable) and reasonable attorney fees (the "Indemnity"). This covenant of Indemnity shall continue beyond the termination of the Agreement, no matter why it terminated, for any event related to the Collateral. If you are entitled to revoke your acceptance of the Collateral, you agree that any refund to you must come from the supplier of the Collateral, and you must repay to us the full Total Advance and any other appropriate amounts to make us whole. You agree that in no case will we be liable to you for any special, indirect or consequential damages.

14. Collection Charges: If any payment is not made in full when due, you shall pay us, as applicable, each of the following charges where allowed by law. If not allowed, you shall pay us the maximum charges allowable by law for the corresponding charge. The charges are: a) a late charge to make up for collecting and processing the late sum, such late charge is stipulated and liquidated to be the greater of $.15 per dollar of each late sum or $15.00, plus b) a collection call charge to make up for the time and expense in making any call, such collection call charge is stipulated and liquidated to be $20.00 per call, plus c) a personal visit charge which is stipulated and liquidated to be $75.00 per visit, plus d) a returned check or non-sufficient funds ("NSF") charge, such NSF charge is stipulated and liquidated to be the greater of

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$50.00 or actual bank charges to us plus other amounts allowed by law.

15. Default. You will be in default if: a) you do not pay any amount due within 10 days of when it first becomes due; or b) you break any of your promises or obligations in this Agreement, or any other obligation with us, and do not cure the breach in 10 days from our giving you notice of it, or c) without our written consent or direction, you turn over or attempt to turn over the Collateral to anybody else; or d) you give us reasonable cause to be insecure with your willingness or ability to pay. Some agreed upon examples of such reasonable causes are: you become insolvent, you stop paying your debts as they become due, you stop doing business as a going concern, you or a guarantor dies or becomes insolvent, you consolidate or merge without our written consent, you or any guarantor fail to reaffirm or assume this Agreement within 60 days of filing Bankruptcy, or a legal proceeding is instituted to seize or detain the Equipment.

16. Remedies. Upon any event of default we may pursue any remedy available at law (including those available under the provisions of the UCC), or in equity to collect, enforce or satisfy any obligations then owing, whether by acceleration or otherwise. We shall have the right to exercise any of our remedies provided by law separately, successively or simultaneously, including without limitation the following: a) declare the entire principal balance plus all accrued interest immediately due and payable without notice or demand to you; b) take possession of the Collateral without legal process and, if we deem it appropriate, render it unusable, wherever located, without liability for any damages caused by our taking of possession; c) require you to assemble the Collateral at a location we reasonably require; and (d) with or without taking possession, sell, lease or otherwise dispose of the Collateral at public or private sale in accordance with the UCC. We have no obligation to clean-up or otherwise prepare the Collateral for sale, lease or disposition. Should an event of default occur, you shall pay to us all costs and expenses incurred for the purpose of enforcing our rights hereunder, including costs of foreclosure, costs of obtaining money damages, and reasonable fees for the services of attorneys and other professionals employed by us for any purpose related to this Agreement, including consultation, drafting documents, preparation of reports, and instituting, prosecuting or defending litigation. Reasonable attorney fees are hereby stipulated and liquidated at the greater of $300.00 or 25% of the total amount in collection as a liquidated damage and not as a penalty.

17. Assignment. Without our prior written consent, you shall not sell, assign, pledge or create or allow any lien or encumbrance other than our security interest against the Collateral or assign any of your obligations hereunder. Your obligations are not assignable by operation of law. We may assign, pledge or otherwise transfer any of our rights hereunder without notice to you. If you are given notice of any such assignment, you shall acknowledge receipt thereof in writing and shall thereafter pay any amounts due hereunder as directed in the notice. The rights of an assignee to amounts due hereunder shall be free of any claim or defense you may have against us, and you agree not to assert against an assignee any claim or defense which you may have against us. Subject to the foregoing, this Agreement inures to the benefit of, and is binding upon, the heirs, legatees, personal representatives, successors and assigns of the parties. .

18. Markings; Personal Property. You shall mark the Collateral or its location as requested by us to indicate our security interest. As between the parties, the Collateral shall at all times be deemed personalty. You will provide us any real property waivers and/or subordination agreements requested by us as to the real property where the Collateral is or is to be located.

19. Security Interest Release. When there is no outstanding obligation secured hereby (including obligations under other agreements contemplated under paragraph 1) we shall provide you such termination statements related to the Collateral as you shall reasonably request. You shall be responsible for the filing of each such termination statement.

20. Additional Documents. You shall furnish us a) a fiscal year-end financial statement including balance sheet and profit and loss statement within 120 days at the close of each fiscal year, b) a yearly certification as to your compliance with the tax provisions hereunder, and c) such other information and documents not specifically mentioned herein relative to this Agreement as we may request. You shall reimburse us for all search and filing fees incurred by us related hereto.

21. Notices. Notices shall be in writing and shall be deemed delivered when deposited in any United States postal box with postage prepaid and the notice properly addressed to the recipient's proper address. You shall promptly notify us of any change in your address.

22. General. Any modification to this Agreement must be made in writing and signed by the parties. Any waiver by us must be in a signed writing, and forbearance shall not constitute a waiver. If there is more than one of you named as Debtor in this Agreement, the liability of each shall be joint and several. The titles to the paragraphs of this Agreement are solely for the convenience of the parties and are not an aid in the interpretation. If any provision of this Agreement is unenforceable, invalid or illegal, the remaining provisions will continue to be effective. Time is of the essence of this Agreement. Your obligations shall survive the release of the security interest in the Collateral. The Agreement constitutes the entire agreement of the parties and the above terms and conditions represent and merge all of the terms and conditions thereof.

Revised 01-12

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EXHIBIT B-3

United Leasing, Inc. Equipment Lease

United *Leasing, Inc.*

Lease Number:
Commitment Date: (Upon date of Delivery & Acceptance or Release of any payment to any respective vendor)
Rental Commencement Date: (Upon date of Delivery & Acceptance or Release of any payment to any respective vendor)

EQUIPMENT LEASE
(Non-Consumer)

Subject to the terms, covenants and conditions set forth below, United Leasing, Inc., 3700 Morgan Avenue, Evansville, Indiana 47715, an Indiana corporation ("Lessor"), leases the following equipment (the "Equipment") to _____ ("Lessee"). Lessee is a corporation/limited liability company duly incorporated/organized and validly existing under the laws of the District Of Columbia and has the power to own and operate its properties, carry on its business, and enter into and perform its obligations hereunder. Lessee's correct legal name as shown on the records of the Secretary of State is _____. Lessee has all the requisite power and authority to run and operate its business as it is now being conducted. Lessee's chief executive office is located at _____.

Equipment Information: See attached Exhibit A

Terms of Rent Payment:		**Location of Equipment:**
Term of Lease:	0 Months	Address:
Total # of Payments: 0		City, State Zip:
Equipment Rental:	$0.00	County:
Sales Tax:	$0.00	
Total Rental:	**$0.00**	

Advance Rental Payments $0.00 to be applied against:

X First Rental Payment Security Deposit (Non-Refundable)
___ Last Rental Payment_____ Security Deposit (Refundable)
X Administrative Fee - $0.00
___ Interim Rent $0.00 Plus Interim Tax $0.00 Interim Total $0.00

X The Equipment may be purchased upon expiration of the Term of Lease for $1.00.
___ The Equipment may be purchased upon expiration of the Term of Lease for its then fair market value. Lessee agrees to purchase the Equipment upon the expiration of the Term of Lease for the sum of $, which sum shall be paid by Lessee in addition to, and at the same time, as the final rental payment.

•1. WARRANTIES. LESSOR IS NOT THE SELLER OR MANUFACTURER OF THE EQUIPMENT, MAKES NO WARRANTY OR REPRESENTATION, STATUTORY, EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, OR THE PERFORMANCE CAPABILITIES OF, THE EQUIPMENT DELIVERED HEREUNDER, AND LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE. LESSOR SHALL NOT EVER BE RESPONSIBLE FOR ANY LOSS OF USE OR OF ANY LOSS OF PROFITS, OR OF ANY OTHER DAMAGES, CONSEQUENTIAL OR INCIDENTAL, RESULTING FROM ANY BREACH OF ANY MANUFACTURER'S WARRANTY, OR RESULTING FROM ANY FAILURE, BREAKDOWN OR DEFECT IN THE USE, DESIGN, OPERATION OR

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MAINTENANCE OF THE EQUIPMENT. THIS EQUIPMENT IS LEASED *AS IS*. LESSOR IS NOT RESPONSIBLE FOR ANY DELAY IN OBTAINING ANY CERTIFICATE OF ORIGIN, TITLE, REGISTRATION OR OTHER DOCUMENT – THESE ARE THE RESPONSIBILITY OF THE SELLER OF MANUFACTURER ONLY.

•2. RENT. During the Term of Lease, Lessee will pay the rental amounts equal to the total rental for the number of months indicated in the total number of payments, as scheduled above. The first rental payment will be due on the "Commitment Date", and will apply to the rental period commencing on "Rental Commencement Date". All subsequent rental payments will be due in advance on the same date of each month (or other calendar period as indicated above) thereafter. Rent will be due whether or not Lessee has received any notice that payments are due. All rent will be paid to Lessor at its address above, or as otherwise directed by Lessor in writing. No portion of any rent payment shall constitute payment for any equity interest in the Equipment, and no rental payment shall create any rights in Lessee in the Equipment, except in accordance hereof.

Lessee hereby requests Lessor to lease the Equipment to Lessee on every term and condition set forth above and on the following pages. Upon written acceptance signed by the authorized employee of Lessor, Lessor agrees to lease the Equipment to Lessee.

•3. FIXED RATE INDEMNITY. Lessor enters into interest rate hedging arrangements to limit its exposure to interest rate risks fundamental to loans provided with fixed interest rates. Lessee stipulates and agrees it has requested and selected that Lessor provides a fixed lease rate throughout the Initial Term of the Agreement. In consideration of Lessor's agreement to provide such fixed rate, if the Agreement or any Schedule to the Agreement shall be terminated before the end of the term provided in the later of the Agreement or in any Schedule thereof, whether as a result of default, acceleration, voluntary pre-payment or any other reason whatsoever, Lessee hereby covenants and promises to pay to Lessor a funding indemnity amount to be determined by Lessor at time of such termination, and to be derived from the market interest and hedging rate environments then in effect, for the outstanding balance being terminated.

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•4. RENTAL COMMENCEMENT DATE. Lessee authorizes Lessor to insert as "Rental Commencement Date" the date upon which Equipment is first delivered to Lessee or any later date selected by Lessor. The term of this lease begins on the "Rental Commencement Date" and ends on the expiration of the number of months specified under "Terms of Rent Payment" after the "Rental Commencement Date".

•5. USE. Lessee covenants and represents to Lessor (i) that the Equipment will be used exclusively for business and commercial purposes, (ii) will not be used at any time during the term of this lease for personal, family, or household purposes, (iii) it will use the Equipment in accordance with the manufacturer's suggested use, (iv) will maintain and inspect the Equipment according to manufacturer's recommendations and requirements and all applicable governmental regulations, and (v) Lessee will perform all required maintenance and replacement at its own expense, and upon the schedule and in such a manner as to keep the Equipment in good condition.

•6. INSURANCE. Lessee agrees at its own expense to at all times in the amount and types indicated during the Term of Lease and until Equipment is returned to Lessor (i) keep the Equipment insured with liability insurance with limits of not less than $500,000 combined single limit of liability, and $100,000 for property damage; (ii) to maintain any other insurance on the Equipment and/or in respect to damages arising from the use or operation thereof, and to post such bonds as may be required by applicable law as a condition to the use or operation of same hereunder in the jurisdiction where operated, (iii) to keep insurance against all causes of loss including theft to the equipment for the full replacement value with a maximum deductible of $1,000.00, and (iv) furnish Lessor with all certificates or other satisfactory evidence of the maintenance of the insurance hereunder required.

Lessor is not providing any of the above insurance coverage. Insurance may be obtained from an insurer of Lessee choice, subject to Lessor's right to refuse an insurer for reasonable cause. All insurance shall cover the period from delivery of the Equipment to Lessee to the date of sale and delivery, and further shall provide for a ten (10) day prior written notice to Lessor of termination, modification or cancellation of coverage, and shall name Lessor as additional insured, and shall name Lessor, as lender loss payee, as their interests may appear and shall protect Lessor, Bank and its "Assigns" in respect to all risks arising from the condition, maintenance, use or operation of the

Equipment. Certification for additional insured and lender loss payee must be sent to United Leasing, Inc., P.O. Box 5089, Evansville, Indiana, 47716-5089.

Lessee agrees to notify their insurance company and Lessor within 24 hours after any damage, loss, theft, seizure, or impoundment of the Equipment. Lessee authorizes Lessor to cash or negotiate checks or drafts or other payments received from Lessee's insurance company and endorse Lessee's name on such items if Lessee is a payee. This authority is a power coupled with an interest and Lessee cannot revoke it. Lessor will not reimburse Lessee for the amount of the insurance deductible. Lessor is not required to reimburse Lessee if Lessee is in default under this Lease.

The proceeds of any insurance received by Lessor, resulting from any loss or casualty which has theretofore been made good by Lessee shall be remitted to Lessee upon satisfactory proof that such loss or casualty has been made good, unless Lessee is at the time in default under this lease.

In the event Lessee does not furnish such insurance, Lessor may at its option obtain such coverage at Lessee's expense, and Lessee shall pay the cost of such insurance plus a service fee of one and one-half percent (1.5%) per month until paid in full. Lessee shall have the right, at all times, to select any insurer reasonably acceptable to Lessor.

•7. NON-CANCELABLE LEASE. This lease cannot be canceled or terminated except as provided herein.

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•8. TAXES. All applicable federal, state and local taxes, if any, payable on account of possession, lease, or use of the Equipment, including any and all personal property taxes, shall be paid by Lessee when the same are due and payable; a copy of said paid receipt shall be furnished to Lessor during each calendar year if paid directly to the taxing authority by Lessee. Additionally, Lessee will pay all applicable registration, sales, use, taxes or use fees, tag fees, excise taxes, permits and similar items along with a service fee when paid by Lessor on behalf of Lessee.

•9. LOCATION OF EQUIPMENT. The Equipment shall be used by Lessee at the location specified on contract and shall not be removed or transferred to another location without prior written consent of Lessor. Mobile goods shall be deemed located where Lessee is located pursuant to UCC section 9-103.

•10. TITLE. Lessor shall retain title to the Equipment covered by this agreement. Lessee agrees to be responsible for the safekeeping of all Equipment.

•11. CASUALTY. In the event of damage to any item of the Equipment, Lessee shall immediately notify Lessor. Lessee shall not be entitled to rescind this agreement, nor to a defense against or abatement of rental fees because of theft, loss destruction, damage, attachment or seizure of any of the Equipment after delivery, and shall remain liable for all rental fees provided hereunder.

•12. DEFAULT. If a material adverse change has occurred in the financial condition of the Lessee or Lessor believes the prospect of payment or performance of the Indebtedness is impaired; or if Lessee fails to make any payment provided for hereunder when due, or is in breach of any of its agreements contained herein, or if Lessee ceases doing business or is adjudicated a bankrupt, or takes advantage of any bankruptcy or insolvency laws, or if a receiver or trustee is appointed for Lessee's business, or if Lessee shall make an assignment for the benefit of creditors, or if in Lessor's judgment the Equipment furnished hereunder is deemed to be in danger of loss or abuse, then in any of those events, all remaining payments hereunder shall become immediately due and payable, and in addition, Lessor may enter upon the premises where the Equipment may be, without notice or demand, and take possession of and remove, sell, lease or dispose of the Equipment and from the proceeds retain all sums due hereunder. Any misrepresentations by Lessee as to any matter hereunder, or delivery by Lessee to Lessor of any document that is untrue in any respect on the date as of which the facts set forth therein are stated or certified shall constitute an event of default. Should Lessee be liquidated, dissolved, partitioned, or terminated, or should Lessee's charter expire of be revoked, such event shall constitute a default. After default, Lessor may reduce its claim to judgment, foreclose, or otherwise enforce its claim and security interest by any available judicial procedure. Lessor hereby retains any and all statutory or other available remedies in addition to all remedies stated herein, and the election of any remedy shall not be an election against, and shall not waive any other remedy. Any impoundment,

seizure or confiscation of the equipment leased hereunder shall be an immediate default without further notice or demand by Lessor and Lessor, in addition to all other remedies hereunder, shall be entitled to an amount equal to 1/24th of the original cost of the Equipment, for each thirty (30) day period from the date of impoundment, seizure or confiscation until the return of the Equipment.

•13. LATE CHARGES/RETURNED CHECK CHARGE. If Lessee fails to pay, when due, any rent or other amount required herein to be paid by Lessee, Lessee shall pay to Lessor a late charge of $13.50 or 1.5%, whichever is greater, on each such delinquent amount for each 10-day period or part thereof for which said amount is delinquent. No claim by Lessee, or any other person, of any defect or unfitness or unsuitability of the Equipment shall relieve Lessee of its obligation hereunder to pay rent, or any other obligation Lessee may have to Lessor under the terms of the lease.

Lessee agrees to pay a fee of $25.00 for each check, negotiable order of withdrawal or share draft issued in connection with this Agreement that is returned because it has been dishonored.

•14. ATTORNEY'S FEES. In the event of any default by Lessee, Lessee will pay Lessor's cost of collection, including reasonable attorney's fees and legal expenses incurred in exercising any rights or remedies.

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•15. NO ASSIGNMENT OR SUBLEASE. Lessee shall not, under any circumstances, without the express prior written consent of Lessor, assign or sublease it obligations or rights hereunder, or the Equipment leased hereunder to any person at any time. Any attempted assignment or sublease by Lessee shall immediately terminate Lessee's right to possession of the Equipment, and shall entitle Lessor to declare default under paragraph 11, and require all remaining payments hereunder to be immediately due and payable, and also authorize Lessee to recover the Equipment and return the Equipment to Lessor's possession.

•16. ASSIGNMENT OF LEASE. This agreement and/or the right to collect the balance of payments under this agreement may be assigned by Lessor. In the event of such assignments, Lessee agrees to make all rental payments due under this agreement directly and exclusively to Assignee, upon notification of such assignment by Lessor. Lessee agrees to look solely to Lessor to perform all obligations, services and responsibilities under the agreement and acknowledges that any Assignee shall have no duty hereunder to perform such services. Rental payments made to Assignee shall be made without defense, set off or counterclaim. Lessee, in consideration for the execution of this Agreement, which right, including the right to all rental payments hereunder, shall continue until Lessee is notified otherwise in writing by Assignee.

•17. SECURITY INTEREST. In order for Lessor to properly protect its interest in the Equipment, Lessee grants Lessor a security interest in the Equipment and in the proceeds thereof to secure payment and performance of all obligations of Lessee hereunder. Lessee agrees that Lessor may file a financing statement to perfect any security interests without obtaining the signature of Lessee.

•18. EQUIPMENT RETURN. At the end of the Term of Lease, if Lessee does not purchase the Equipment, Lessee will return the Equipment to Lessor at its office at 3700 Morgan Avenue, Evansville, Indiana or other location designated by Lessor, in good condition without damage or excessive wear and use, and pay any amounts owed under this lease, any taxes or other sums to be paid by Lessee.

•19. ENVIRONMENTAL CONTAMINATION. Lessee agrees that it shall be solely and absolutely responsible for any damage or loss to the Equipment as a result of any environmental contamination or Equipment contamination by any substance, including any hazardous or toxic substance as those terms are defined by applicable local, state or federal law. Lessee shall also be responsible for any environmental contamination or remediation costs, fines or penalties related to either the use, possession or operation of the Equipment. Lessee shall absolutely indemnify and hold harmless Lessor from and against any claim for damages, cost, expense, fee or attorney's fee arising out of or relating to any violation of any local, state or federal law relating to environmental protection, contamination or remediation.

•20. EQUIPMENT IDENTIFICATION. Lessor reserves the right at all times during this Lease the right to place and maintain in one or more locations upon each piece of Equipment the words United Leasing, Inc. and Lessee agrees not to remove, obscure, deface or obliterate any of said words or suffer any other person to do so.

•21. EQUIPMENT MODIFICATION. Lessee will not change or modify the Equipment at any time during the term of this Agreement without the prior written consent of Lessor.

•22. INDEMNIFICATION. Notwithstanding anything else contained herein, Lessee shall at all times absolutely indemnify and hold harmless Lessor from and against any loss, expense, claim or damage, including reasonable attorney's fees, arising out of Lessee's possession or use of the Equipment, or the design, manufacture, maintenance or physical condition of the Equipment.

•23. ACCOUNTING TREATMENT. Lessor neither makes nor shall be deemed to have made any representation or warranty as to the accounting treatment to be accorded to the transactions contemplated by this lease or as to any tax consequences and/or tax treatment thereof.

•24. CONSENT TO INDIANA LAW, JURISDICTION AND VENUE. This lease shall be deemed fully executed and performed in the State of Indiana. In any action, proceeding, or appeal on any matter related to or arising out of this lease, Lessor, Lessee, and any Guarantor will be subject to the personal jurisdiction of the State of Indiana, County of Vanderburgh, including any state or federal court sitting therein, and all court rules thereof, and shall accept venue in any federal or state court in Vanderburgh County. Notwithstanding the place or location of the Equipment, this lease shall in all regards be interpreted and governed by the laws of the state of Indiana.

•25. SEVERABILITY. If any provision of this lease or the application thereof to any party or circumstance is held invalid or unenforceable, the remainder and the application of such provision to other parties or circumstances will not be affected thereby and to this end the provisions of this lease are declared severable.

•26. FINANCIAL INFORMATION. The Lessee agrees to provide the Lessor, upon request, any financial statements or information the Lessor deems necessary. The Lessee warrants that the financial statements and information provided by the Lessee are accurate, correct and complete.

•27. GENERAL. This agreement constitutes the entire agreement between the parties hereto, and supersedes and cancels any and all prior representations, agreements or understandings, if any, whether oral or written, relating the Equipment. Any waiver by Lessor to any term shall apply to that term alone and shall not be deemed or construed to apply to any other term of this Agreement. No modification hereof will be effective unless made in writing on or subsequent to the date hereof and executed in Lessor's behalf by an authorized officer. No salesperson of Lessor has authority to bind Lessor in any respect. This Agreement will not be binding on Lessor until accepted by Lessor's authorized officer, but notice of such acceptance is waived by Lessee.

Equipment Lease Signature Page
Lease Number:_____
Federal ID Number: _____

Facsimile signatures shall be deemed original signatures for all purposes, provided that, upon request by any other party, any party returning a signature page via facsimile also transmit a hardcopy original of the signature page to the requesting party.

LESSEE:	**LESSOR:**
_____	United Leasing, Inc.
By:_____	By:_____
Printed:_____	Printed: Martha Ahlers
Title:_____	Title: Vice President/COO
Date:_____	Date:_____

STATE OF_____)
) SS:
COUNTY OF_____)

Before me, the undersigned, a Notary Public within and for the County and State last aforesaid, on this the ___ day of _____, 20____, personally appeared the above named _____ and acknowledged the execution of the foregoing instrument in the capacity, if any, noted above. Witness my hand and notarial seal this _____ day of _____, 20____.

My county of residence is_____ ,State of _____, and my Commission expires:

_____ _____
Notary Signature Notary Printed Name

United *Leasing, Inc.*

Exhibit A (Equipment by Vendor)
For "_____" Lessee
Lease Number: _____

Attached hereto and made a part thereof that certain Individual Item Lease Agreement, being _____, Lessee, _____, Lease Number.

Vendor:

Quantity	Description	Serial Number

_____

By: _____

Printed: _____

Title: _____

Date: _____

STATE OF _____)
) SS:
COUNTY OF_____)

Before me, the undersigned, a Notary Public within and for the County and State last aforesaid, on this the _____ day of _____, 20____, personally appeared the above named _____ and acknowledged the execution of the foregoing instrument in the capacity, if any, noted above. Witness my hand and notarial seal this _____ day of _____, 20____.

My county of residence is _____, State of _____, and my Commission expires:

_____ _____
Notary Signature Notary Printed Name

EXHIBIT B-4

ADDENDUM NUMBER 1 TO THE FRANCHISE AGREEMENT

Addendum Number 1 to the Franchise Agreement

THE SUBMISSION OF THIS AGREEMENT TO FRANCHISEE DOES NOT CONSTITUTE AN OFFER. THIS AGREEMENT SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT IS ACCEPTED BY FRANCHISOR, THAT IS, SIGNED BY FRANCHISOR'S AUTHORIZED CORPORATE OFFICER AND RETURNED TO FRANCHISEE

THIS ADDENDUM NUMBER 1 ("Addendum No. 1") to the Franchise Agreement ("Franchise Agreement") by and between Zippy Shell Incorporated ("Franchisor") and [INSERT NAME], an [INSERT STATE AND TYPE OF ENTITY] ("Franchisee") is made as of this ___day of MONTH, YEAR ("Addendum No. 1 Effective Date"). When referred to together in this Addendum No. 1, Franchisor and Franchisee will be referred to as the "Parties" or each "Party".

RECITALS

WHEREAS the Parties entered into the Agreement on **[INSERT DATE]**; and

WHEREAS the Parties desire to amend the agreement through this Addendum No. 1; and

NOW THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:

AGREEMENT

1. Initial Franchise Fee. The first sentence only of Section 4.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

   Initial Franchise Fee. The non-refundable initial fee for the Franchisee's exclusive rights to the Territory is **[INSERT AMOUNT]** ($) payable upon execution of the agreement.

2. National Brand Building Fund, Franchisee's Minimum Monthly Advertising Spend and Call Center Fee. Section 4.7(a) is deleted in its entire and replaced with:

3. National Brand Building Fund, Franchisee's Minimum Monthly Advertising Spend and Call Center Fee. Section 4.7(c) is deleted in its entirety and replaced with:

   [Other Provisions]

_. Entire Agreement. The Franchise Agreement and this Addendum Number 1 contain the entire agreement of the Parties. No other modifications have been made to the Franchise Agreement other then set forth in Addendum Number 1. No modification, oral or otherwise can be made to this Addendum Number 1 unless done so in writing and signed by the Parties. All other provisions contained in the Agreement remain in full force and effect and to the extent necessary apply to this Addendum Number 1 as well.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Addendum No. 1 as of the day and year first above written.

FRANCHISOR:
ZIPPY SHELL INCORPORATED
a Delaware corporation

_____
By: Rick Del Sontro
Its: CEO

FRANCHISEE: [INSERT STATE AND TYPE OF ENTITY]

_____
By: [INSERT NAME]
Its:

ADDENDUM
RELATING TO
Zippy Shell Incorporated
FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on MONTH DATE, YEAR , by **Zippy Shell Incorporated**, located at 3050 K Street NW Suite 170 Washington, DC 20007 (Franchisor), and_____, located at _____ (Franchisee).

Recitals. Franchisor and Franchisee entered into a Franchise (or License) Agreement on MONTH DATE, YEAR (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at_____designated by Franchisor as Unit #_____(Unit). Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

~~1.~~• Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

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~~2.~~• Notwithstanding anything to the contrary in Section 4.7(d) of the Franchise Agreement, the franchisor may designate one or more vendors for the call center services, provided, however, that the franchisee has the right to select its own vendor to use in place of any vendor selected by the franchisor, so long as the franchisor determines whether the franchisee's vendor meets its standards. The franchisor's approval in this matter will not be unreasonably withheld.

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~~3.~~• Notwithstanding any terms and conditions contained in the Franchise Agreement to the contrary, Franchisor acknowledges and agrees that Franchisor will not withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor's consent under Section 10.2 of the Franchise Agreement

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~~4.~~• This Addendum automatically terminates on the earliest to occur of the following: ~~a.~~(i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

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(Signatures on following page)

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:	**FRANCHISEE:**
By:_____	By: _____
Print Name: Rick Del Sontro	Print Name: _____
Title: **CEO**	Title: _____

EXHIBIT C

FINANCIAL STATEMENTS

Zippy Shell Incorporated

August 2016 Consolidated Balance Sheet (unaudited) and Year to Date Profit and Loss Statement (unaudited).

Zippy Shell Incorporated & Affiliates
Balance Sheet
(In thousands)

Unaudited
2015

Assets	
Cash	704
Accounts Receivable, net	1,060
Inventory	249
Prepaid Expenses	416
Total Current Assets	2,428
PP&E	
Vehicles	657
Equipment	7,475
Less: Accumulated Depreciation	-1,544
Total Property and Equipment, net	6,588
Other Assets	
Initial License Fees Receivable	1,614
Notes Receivable	809
Security Deposits	170
Intangibles& Deferred Financing Costs (net of $70,994 accumulated amortization)	264
Goodwill	10,394
Total Other Assets	13,251
Total Assets	22,267
Liabilities And Equity	
Accounts Payable and Accrued Liabilities	2,146
Current Maturities of Notes Payable	527
Other Current Liabilities	478
Total Current Liabilities	3,151
Other Liabilities	
Deferred Rent Liability	121
Notes Payable	1,361
Total Other Liabilities	1,482
Equity	
Equity	21,877
Current Year Net Income/ (Loss)	-3,398
Dividends	-846
Total Equity	17,634
Total Liabilities And Equity	22,267

2015 includes high level eliminations and are unaudited

Zippy Shell Incorporated & Affiliates
Income Statement (Unaudited)
For the 8 months ended August 31, 2016

Unaudited August 2016

	YTD 2016
REVENUES	
Franchisor	$ 1,769,383
Product Sale Revenue	2,070,477
ZipMove	7,449,866
ZipRelocation	1,077,504
Company Owned Markets	3,191,117
Other	-
Total Revenue	$ 15,558,327
Cost of Revenue	
COGS: Franchisor	$ 771,277
COGS: Product Sales	1,418,970
COGS: ZipMove	6,507,507
COGS: ZipRelocation	883,278
COGS: Company Owned Markets	2,608,833
Total COGS	$ 12,189,865
Gross Margin	$ 3,368,462
Operating Expenses	$ 6,694,083
EBITDA	$ (3,325,621)
Depreciation & Amortization	-
Interest Expense & Other	(162,629)
Interest Income & Other	70,383
Income tax & other taxes	(45,690)
Bad Debt Expense	-
NET INCOME/ (LOSS)	$ (3,463,577)

ZIPPY SHELL INCORPORATED AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members
Zippy Shell Incorporated and Affiliates
Washington, DC 20009

We have audited the accompanying combined balance sheet of Zippy Shell Incorporated and Affiliates as of December 31, 2015, and the related combined statements of income, members' capital and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible to the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally 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 involves 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Zippy Shell Incorporated and Affiliates as of December 31, 2015, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The combined schedule of selling, general and administrative expenses is presented for the purpose of additional analysis of the financial statements and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Schreck Bavaro & Company LLC

Morristown, NJ
February 23, 2016

Zippy Shell Incorporated and Affiliates
Combined Balance Sheet
December 31, 2015

ASSETS

Current assets:	
Cash	$ 4,508,711
Accounts receivable (net of $0 allowance for doubtful accounts)	800,822
Inventory	542,404
Prepaid expenses	368,328
Total current assets	6,220,265
Property and equipment:	
Vehicles	419,414
Equipment	5,640,307
Less: accumulated depreciation	(1,543,627)
Total property, improvements and equipment - net	4,516,094
Other assets	
Initial license fees receivable	1,542,677
Notes receivable	868,709
Security deposits	164,397
Goodwill	10,031,820
Intangibles (net of $70,994 accumulated amortization)	264,306
Total other assets	12,871,909
TOTAL ASSETS	$ 23,608,268

LIABILITIES AND SHAREHOLDERS EQUITY

Current liabilities:	
Accounts payable and accrued liabilities	$ 1,999,738
Current maturities of notes payable	526,802
Total current liabilities	2,526,540
Other liabilities:	
Deferred rent	104,907
Notes payable	1,440,544
Total other liabilities	1,545,451
Shareholders Equity:	
Balance at December 31, 2014	12,449,676
Adjustment for current year equity purchase	443,243
Capital contributions	20,459,981
Capital buyback	(7,410,000)
Dividends	(116,350)
Net loss for the year ended December 31,2015	(6,290,273)
Total shareholders equity	19,536,277
TOTAL LIABILITIES AND MEMBER'S CAPITAL	$ 23,608,268

The accompanying notes are an integral part of these financial statements.

Zippy Shell Incorporated and Affiliates
Combined Income Statement
For the year ended December 31, 2015

Revenues	
Franchisor	$ 3,022,709
Product sales	2,185,499
ZipMove	3,736,348
Company operated franchisees	1,849,425
Total Revenues	10,793,981
Cost of goods sold	
Franchisor	1,254,616
Product sales	1,731,308
ZipMove	3,143,107
Company operated franchisees	2,248,335
Total Cost of goods sold	8,377,366
Gross profit	2,416,615
Selling, general and administrative expenses	8,755,673
Loss from operations	(6,339,058)
Interest income	143,106
Interest expense	(243,739)
Total interest expense	(100,633)
Other income	210,122
Net loss before income tax expense	(6,229,569)
Income tax expense	60,704
Net loss	$ (6,290,273)

The accompanying notes are an integral part of these financial statements

Zippy Shell Incorporated and Affiliates
Combined Statement of Cash Flows
For the year ended December 31, 2015

Cash flows from operating activities:	
Net loss	$ (6,290,273)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation and amortization expense	929,541
Decrease (Increase) in operating assets:	
Accounts receivable	(212,262)
Inventory	(99,737)
Prepaid expenses and other receivables	(310,257)
Decrease (Increase) in other assets:	
Initial license fees	(981,985)
Security deposits	(133,870)
Increase (Decrease) in operating liabilities:	
Accounts payable and accrued expenses	1,460,337
Increase (Decrease) in other liabilities:	
Deferred rent	104,907
Net cash used in operating activities	(55,522,905)
Cash flows from investing activities,	
Purchase of fixed assets	(3,194,149)
Purchase of goodwill	(1,808,344)
Purchase of intangibles	(275,000)
Net cash used in investing activities	(5,277,493)
Cash flows from financing activities;	
Capital contributions	20,459,981
Capital buyback	(7,410,000)
Payment of dividends	(116,350)
Proceeds from notes payable	133,238
Payments of notes payable	(322,495)
Payments of notes receivable	(319,750)
Proceeds from notes receivable	641,154
Net cash provided by financing activities	13,065,778
Net increase in cash and cash equivalents	2,265,380
Cash and cash equivalents, beginning of period	2,243,331
Cash and cash equivalents, end of period	$ 4,508,711
Supplemental disclosures:	
Cash paid for interest	$ 216,120
Cash paid for income taxes	$ 85,808
Non-cash transactions	
Goodwill aquired in equity transaction	$ 225,008
Adjustment for current year equity purchase	$ 443,243

The accompanying notes are an integral part of these financial statements

ZIPPY SHELL INCORPORATED AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 BACKGROUND

Zippy Shell USA, LLC ("ZSA") was formed in 2009 for the purpose of sub-licensing and operating the Zippy Shell System. On May 29, 2009, the LLC acquired an exclusive license and owns a unique system that permits the LLC to appoint sub-licenses and provide mobile self-storage services and marketing opportunities. The LLC offers to qualified applicants a sub license agreement which grants the right to establish and operate a Zippy Shell business with an exclusive area designated by the LLC in the sub-license agreement. Since August 1, 2009, the LLC has offered distributor licenses for the operation of a unique mobile self-storage marketing and moving business which features the use of mobile, self-storage units. The LLC issued, effective November 4, 2009, a franchise disclosure document (FDD) thus qualifying it to offer franchises in 35 states. The LLC has commenced filing of the FDD in the remaining 15 states and upon approval will begin to sell franchises in those states. In May 2014, the Company acquired by merger the master franchisor of the Zippy Shell system - Zippy Shell International, LLC ("ZSI"). Zippy Shell USA, LLC was the surviving entity in the merger and ZSI was dissolved at the time of the deal.

In May 2015 several transactions were completed culminating with the entity conversion of Zippy Shell USA, LLC to become Zippy Shell Incorporated.

Crescent Products USA, LLC, a wholly-owned subsidiary, was formed in 2009 for the purpose of the sale of shells and cartridges to franchisees.

Logistics Finance Services, LLC ("LFS") was formed in 2012 for the purpose of providing financing to franchisees. The Company has a 5% ownership interest and common management. LFS is included in the consolidation based on the common control.

In 2014, the Company launched a containerized transportation service that operates within the Zippy Shell franchise network ("ZipMove"). ZipMove utilizes third party logistics companies to transport mobile storage containers between Zippy System locations, and these locations provide the last mile delivery to the customer and local service support. The Company currently offers ZipMove to its customers and plans to continue to do so in the future.

Zippy Shell Storage Operations, LLC ("ZSSO") was formed in 2012 for the purpose of operating a sub-license franchise operation in South Bay, CA (DBA Zippy Shell South Bay). Certain equity members of Zippy Shell USA, LLC acquired the assets of Zippy Shell South Bay and management control in November 2012. The Zippy Shell South Bay franchise territory was then transferred to a new entity BW Storage Two, LLC. For several years, ZSSO then went on to exist as a holding company without operations activity flowing through the legal entity. During a period in 2014 & 2015, ZSSO raised capital from outside investor through a private

placement offering. In May 2015, all the outside investors in ZSSO either converted their ownership units for membership units in Zippy Shell USA, LLC or sold their units back to the company. ZSSO is now a wholly-owned subsidiary of Zippy Shell Incorporated.

BW Storage Two, LLC/South Bay was formed in 2012 for the purpose of operating a sub-license franchise operation in the area of South Bay, CA through a joint venture with a 3rd party as equity investors. In 2015, the Company bought out the outside investor's interest in the entity and rolled the operation under ZSSO. The legal entity BW Storage Two, LLC was then dissolved in 2015.

Zippy Shell Denver Storage, LLC was formed in 2013 for the purpose of operating a sub-license franchise operation in Denver, CO through a joint venture with 3rd parties as equity investors. In November 2015, the entity sold off the Denver, CO franchise operation to another franchise owner in Colorado. The legal entity remains and is in the process of being wound down.

In 2015, the Company formed a new wholly-owned entity, ZS Orange County, LLC, to operate a new moving and storage operation based in Orange County, CA.

At year-ended 2015, there remained the following entities to be consolidated as related by common ownership and management control:

Zippy Shell Incorporated

Crescent Products USA, LLC

Logistics Finance Services, LLC

Zippy Shell Storage Operations, LLC

Zippy Shell Denver Storage, LLC

ZS Orange County, LLC

BW Storage Two, LLC was dissolved during the fiscal year 2015 but had activity and is thus included in the overall 2015 consolidation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company uses the accrual basis of accounting for the preparation of their financial statements. Under the accrual method, income is recognized when earned, even though not actually received and expenses are recognized when incurred, whether or not they have been paid.

Cash and cash equivalents

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. At times the balances may be in excess of insurance limits. At December 31, 2015, the Company did have in excess of the insured limit of $250,000.

Inventory

The Company purchases Zippy shell systems, loading beds and cartridges from manufacturing vendors for sale to sub-licensees in the USA. The products are shipped directly to the sub-licensees' designated place of delivery. Inventory consists mainly of products which have been shipped out of the Company's facility and are in transit but not yet delivered to sub-licensee. Management has at times purchased and held container inventory at its company-owned warehouse facilities ahead of specific franchisee orders. Inventory is stated at cost.

Consolidation

The accompanying combined financial statements include the accounts of Zippy Shell Incorporated, Crescent Products USA, LLC, Logistics Finance Services, LLC, Zippy Shell Storage Operations, LLC, BW Storage Two, LLC/South Bay, Zippy Shell Denver Storage, LLC, and ZS Orange County, LLC. Significant intercompany transactions and balances have been eliminated in consolidation.

Codification

In June 2009, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (Codification). Effective July 1, 2009, the Codification is the single source of authoritative accounting principles recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP). The codification is intended to reorganize, rather than change, existing GAAP. Accordingly, all references to currently existing GAAP have been removed and have been replaced with plain English explanations of the Company's accounting policies. The adoption of the Codification did not have a material impact on the Company's financial position or results of operations.

Revenue recognition

Initial license fee from sub-licensees/franchisees are recognized at the time of execution of sublicensing agreement. The initial license fee is not refundable, in whole or in part, and is fully earned without any cost obligation in future on the part of the Company after the sub-license agreement has been signed. Any payments of the initial license fee not made prior to an early termination of the sub-license agreement are still due to the Company. In the event the sub-license agreements do not call for full payment at the time of execution, the outstanding fee balance, together with accrued interest if necessary, is reflected in the financial statements.

The Company charges sub-licensees various monthly and one-time fees. The license agreements with sub-licensees allow the Company to charge the following: a royalty fee based on the amount of cartridges purchased for use; fees associated with the sub-licensees contribution for Company Marketing; and fees related to certain use of the Company's call center. Accordingly, revenue from these fees is recognized as and when it becomes due per the respective sub-licensee agreements.

Commission and continuing license fees are recognized on shipment to the sub-licensees by the licensor. The administrator fee is earned and due at the time of placing the order to the licensor by sub-licensee. The revenue from administrative fees is recognized on placement of an order of shell units by sub-licensee.

Use of estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Property and equipment

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expense as incurred; major betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Vehicles	5 years
Equipment	5 years

The net values of any assets retired or sold are removed from the respective accounts, and any resulting gains or losses, if any, are included in operations. For federal tax purposes, depreciation is primarily computed using the modified

accelerated cost recovery system or fully expensed under section 179 of Internal Revenue Code (IRC). Certain software purchases and expenditures for maintenance and repairs are charged to expenses as incurred.

Income taxes

Crescent Products USA, LLC, Logistics Finance Services, LLC, Zippy Shell Storage Operations, LLC, BW Storage Two, LLC/South Bay, and Zippy Shell Denver Storage, LLC are considered partnerships per the Internal Revenue Code. In lieu of partnership income taxes, the members of a partnership are taxed on their proportionate share of the partnership's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. Provisions for entity-level state and local franchise taxes have been made in these financial statements. For the 2015 tax year, the merged and dissolved entities will be filing final tax returns.

Zippy Shell Incorporated had an operating loss for the current year and the tax implication has not been estimated in these financial statements.

The tax years 2013, 2014, and 2015 remain subject to examination by major tax jurisdictions.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred.

Trade accounts receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and our customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Goodwill

Goodwill is recorded at cost. Goodwill is subsequently analyzed for impairment annually as per ASC 350, Intangibles – Goodwill and Other.

During 2014, the Company recorded $7,998,468 on the acquisition by merger of Zippy Shell International, LLC. This value primarily arose out of the value of then Zippy Shell USA, LLC membership units issued to the ownership of the acquired company; and the assumption of a $618,750 debt. The Company issued 421,534 membership units at the per unit value of $17.50.

During 2015, the Company recorded a sum of $2,033,352 in additional goodwill related to various franchisee buy back transactions completed during the year. The goodwill recorded represents the value of consideration given in excess of the identifiable hard assets acquired in each deal.

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

Depreciation expense of Equipment, Computer and peripherals are provided using the straight line method and amounted to $918,847 for December 31, 2015.

Amortization expense of intangible assets amounted to $10,694 for the year ended December 31, 2015.

NOTE 4 RELATED PARTY TRANSACTIONS

The Company has computer and equipment rental, network maintenance, training and marketing arrangements with a company wherein a member of the Company has ownership interests. The agreement is on a month to month and as needed basis. During the year 2015, the Company incurred $255,739 in various expenses. The accounts payable includes $0 payable to this related company as of December 31, 2015.

The Company has a $618,750 note payable bearing 12% interest with Servicing Options, LLC wherein members of the Company had ownership interests. During 2015, the Company incurred $74,250 in interest expense on the note.

NOTE 5 LLC TAXES

A year-end accrual of $25,000 has been made to cover minimum LLC franchise taxes, property taxes, penalties and interest for states with such taxes.

NOTE 6 COMMITMENTS

The Company purchases Zippy Shell trailers, loading beds and cartridges from vendors for resale it to sub-franchisees. During the normal course of business, based on franchisee's requirements, the Company enters into agreements with its vendor suppliers to purchase those items. As of December 31, 2015 the Company had total purchase commitments for inventory of $310,396.

NOTE 7 SHAREHOLDERS AND MEMBERS EQUITY

As of December 31, 2015 Zippy Shell Incorporated has authorized 4,200,000 shares of common and 1,359,818 shares of Series A preferred stock; of which, 1,828,716 and 870,283 are issued and outstanding respectively.

Zippy Shell Storage Operations, LLC was a wholly-owned subsidiary of Zippy Shell Incorporated as of December 31, 2015; and has 4,000,000 common units authorized of which 2,889,355 units are issued and outstanding as of December 31, 2015; 11,000,000 Class A Preferred units authorized of which 0 (zero) units are issued and outstanding as of December 31, 2015; 1,000,000 Class B Preferred units authorized of which 0 (zero) units are issued and outstanding as of December 31, 2015;

Logistic Finance Services, LLC has 1,000,000 units authorized of which 102,500 units are issued and outstanding as of December 31, 2015. Zippy Shell Incorporated owns 5,000 units and 5%

Zippy Shell Denver Storage, LLC has 1,000,000 units authorized of which 750,000 units are issued and outstanding as of December 31, 2015.

ZS Orange County, LLC is a wholly-owned subsidiary of the company.

NOTE 8 NOTES PAYABLE

Notes payable are as follows as of December 31 2015:

Terms	Amount
To StorMark LLC at 7%, amortized over 117 months, unsecured, due 5/1/22	$ 82,989
To StorMark LLC at 7%, amortized over 120 months, unsecured, due 11/1/22	26,784
To Ford Credit at 1.93%, amortized over 72 months, secured by vehicle, due 12/16/18	18,287
To Ally Credit at 4.05%, amortized over 72 months, secured by vehicle, due 06/13/19	25,324
To TD Auto Finance at 4.10%, amortized over 72 months, secured by vehicle, due 02/19/19	23,520
To De Lage Landen at 8.73%, amortized over 36 months, secured by equipment, due 04/15/18	3,285
To Chrysler Capital at 4.45%, amortized over 72 months, secured by vehicle, due 07/03/19	27,345
To Servicing Options at 12.0%, interest-only, unsecured, due 05/18/2017	618,750
Five notes to DL Capital at 10.0%, unsecured, amortized over 72 months, due 12/31/2020	912,000
To two debt holders in Logistics Finance at 10.0%, interest-only over 36 months unsecured, maturities have been paid off in 2016	150,000
To De Lage Landen at 4.295%, amortized over 36 months, secured by equipment, due 02/01/17	12,011
To Lease Corporation of America under a capital lease at 4.45%, amortized over 48 months secured by office furniture, due 05/01/19	67,052
Less: Current Maturities of Notes Payable	(526,802)
Long-term Maturities of Notes Payable	$ 1,440,544

Five year maturities of notes payable for years ending December 31 are as follows:

Year	Amount
2016	$526,802
2017	844,340
2018	129,826
2019	356,546
2020	81,456
Thereafter	28,375
Total Maturities of Notes Payable	$1,987,346

NOTE 9 OPERATING LEASES

The Company leases warehouse space under non-cancelable operating leases. The leases have varying terms, purchase options, escalation clauses, and renewal rights. Future minimum amounts payable under non-cancellable operating leases for years ended December 31 are as follows:

Year	Amount
2016	$ 1,105,967
2017	909,397
2018	627,258
2019	371,512
2020	271,341
Thereafter	21,069
Total Operating Lease Commitments	$ 3,306,545

Lease expense for the year ended December 31, 2015 was $806,074 which is reflected in the accompanying income statement as a component of cost of goods sold and in the schedule of selling, general, and administrative expenses.

NOTE 10 SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through March 31, 2016, the date on which the financial statements were available to be issued.

During January and February 2016, the Company executed the re-purchase of 500,000 issued and outstanding units that had been held by three investors in Zippy Shell Denver Storage, LLC; upon doing so the Zippy Shell Denver Storage LLC entity became wholly-owned by the Company. This entity is intended to be wound down completely and dissolved during 2016.

In March 2016, the Company completed the buyback transaction of the Zippy Shell Long Island franchise for a $1.6MM value. The acquisition was formed in a stock for stock transaction.

Zippy Shell Incorporated and Affiliates
Combined Schedule of Selling, General and Administrative Expenses
For the year ended December 31, 2015

Advertising and promotion	$ 2,519,786
Amortization	10,694
Automobile	17,927
Bad debt expense	56,398
Bank charges	150,330
Commissions	96,210
Computer	362,833
Depreciation	918,847
Donations	4,420
Dues &.subscriptions	11,504
Insurance	109,786
Office	168,500
Professional services	1,173,902
Registration and filing fees	47,667
Rent	244,428
Repairs & Maint	5,885
Salaries, guaranteed payments and payroll taxes	2,593,601
Telephone	78,288
Travel,Meals,& Entertainment	171,615
Utilities	13,051
Total selling, general and administrative expenses	$ 8,755,673

The accompanying notes are an integral part of these financial statements.

Zippy Shell Incorporated and Affiliates -
Combining Balance Sheet
December 31, 2015

	Zippy Shell Incorporated	Cleaned Products USA, LLC	Longtie Branch Services, LLC	Zippy Shell Owner Storage, LLC	ZS Orange County, LLC	Zippy Shell Storage Operators, LLC	RW Storage Two, LLC South Rm
ASSETS							
Current assets:							
Cash	$3,877,160	$35,451	$181,243	$14,378	$20,089	$370,792	
Accounts receivable (net of $0 allowance for doubtful accounts)	268,688	616,344		12,008		4,324	
Inventory		542,404					
Prepaid expenses	298,576	39,600			12,917	17,432	
Total current assets	4,443,677	1,136,759	181,243	26,442	39,608	392,548	-
Property and equipment:							
Vehicles	-	-	-	-	73,897	345,917	
Equipment	97,556	1,109,918		72,946	85,768	4,264,692	
Less: accumulated depreciation	(1,699)	(105,979)		(5,247)	(32,026)	(1,307,409)	
Total property, improvements and equipment - net	95,859	997,939	-	67,699	126,779	3,242,703	-
Other assets:							
Initial license and franchise fees receivable	2,217,677						
Notes receivable	24,000		1,047,002	100,000			
Investments	2,634,749	153,257				250,000	
Due from affiliates	7,169,505	234,061		500,000		347,871	
Security deposits	141,374					23,025	
Goodwill	8,322,326				330,831	1,408,603	
Intangibles (net of $70,994 accumulated amortization)	764,506					2,048,237	
Total other assets	20,074,027	389,318	1,047,002	600,000	330,831	4,077,764	-
TOTAL ASSETS	$ 25,513,213	$ 2,521,056	$ 1,228,335	$ 694,135	$ 457,166	$ 7,713,045	$ -
LIABILITIES AND SHAREHOLDERS EQUITY							
Current liabilities:							
Accounts payable and accrued liabilities	81,670,267	247,372	543,415	5782	53,081	2,233,940	
Current maturities of notes payable	88,223		150,000			338,679	
Total current liabilities	1,769,490	47,372	593,415	782	3,981	572,319	-
Other liabilities:							
Deferred rent	104,907						
Due to affiliates	500,000	770,293			647,868	6,333,347	
Notes payable	725,639					1,339,905	
Total other liabilities	1,380,646	770,293	-	-	647,868	7,673,247	-
Shareholders Equity:							
Balance at December 31, 2014	13,283,485	1,681,433	1,049,150	494,808	-	1,035,577	248,142
Adjustment for current year equity purchase	78,007	600		20,364		427,158	(64,663)
Capital contributions	20,340,083					169,938	
Capital buyback	(7,000,000)					(410,000)	
Dividends			(116,250)				
Net loss for the year ended December 31,2015	(4,269,159)	101,344	103,120	163,180	(184,703)	(2,595,454)	(183,479)
Total shareholders equity	22,424,177	1,783,394	1,034,920	693,372	(184,703)	(532,721)	-
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 25,513,213	$ 2,521,056	$ 1,228,335	$ 694,135	$ 457,166	$ 7,713,045	$ -

The accompanying notes are an integral part of these financial statements.

Zippy Shell Incorporated and Affiliates -
Combining Balance Sheet
December 31, 2015

	Consolidation Entries	Combined
ASSETS		
Current assets		
Cash		$4,508,711
Accounts receivable (net of $0 allowance for doubtful accounts)		800,822
Inventory		542,404
Prepaid expenses		368,328
Total current assets	-	6,220,265
Property and equipment		
Vehicles		419,414
Equipment	(14,529)	5,649,307
Less: accumulated depreciation		(1,549,427)
Total property, improvements and equipment - net	(14,529)	4,519,294
Other assets		
Initial license and franchise fees receivable	(675,000)	1,542,577
Notes receivable	(302,253)	868,709
Investments	(9,237,004)	-
Due from affiliates	(6,251,827)	-
Security deposits		184,297
Goodwill		10,831,829
Intangibles (net of $70,994 accumulated amortization)	(2,048,237)	284,305
Total other assets	(14,514,153)	13,871,809
TOTAL ASSETS	$(14,528,682)	$ 23,609,768
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Accounts payable and accrued liabilities		$1,599,738
Current maturities of notes payable		520,802
Total current liabilities	-	2,120,540
Other liabilities		
Deferred rent		104,807
Due to affiliates	(6,251,525)	-
Notes payable	(675,000)	1,440,544
Total other liabilities	(6,926,525)	1,545,421
Shareholders Equity		
Balance at December 31, 2014	(8,161,919)	12,449,878
Adjustment for current year equity purchase	(20,152)	443,240
Capital contributions		20,459,881
Capital buyback		(7,410,000)
Dividends		(119,250)
Net loss for the year ended December 31 2015	668,912	(5,790,273)
Total shareholders equity	(7,602,154)	19,632,477
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$(14,529,682)	$ 23,609,768

The accompanying notes are an integral part of these financial statements

Zippy Shell Incorporated and Affiliates -
Combining Income Statement
For the year ended December 31, 2016

	Zippy Shell Incorporated	Crescent Products USA, LLC	Logistic Finance Services, LLC	Zippy Shell Denver Storage, LLC	ZS Orange County LLC	Zippy Shell Storage Operations, LLC	BW Storage Two, LLC South Bay	Combining Entries	Combined
Revenues									
Franchiser	$ 3,352,502		$ 500					$ (330,293)	$ 3,022,709
Product sales	51,000	2,458,541						(322,042)	2,185,499
Zip/Move	3,736,348								3,736,348
Company operated franchisees				170,218	266,656	1,632,420	112,096	(331,966)	1,849,425
Total Revenues	7,139,850	2,458,541	500	170,218	266,656	1,632,420	112,096	(984,301)	10,793,981
Cost of goods sold									
Franchiser	1,254,616								1,254,616
Product sales		2,038,820						(307,512)	1,731,308
Zip/Move	3,475,073							(331,966)	3,143,107
Company operated franchisees				190,004	278,717	1,655,533	124,081		2,248,335
Total Cost of goods sold	4,729,689	2,038,820	-	190,004	278,717	1,655,533	124,081	(639,478)	8,377,366
Gross profit	2,410,161	417,721	500	(19,786)	(12,061)	(23,113)	(11,985)	(344,823)	2,416,615
Selling, general and administrative expenses	6,594,504	316,377	4,614	13,427	172,642	2,405,070	162,778	(913,740)	8,755,673
Income (loss) from operations	(4,184,343)	101,344	(4,114)	(33,213)	(184,703)	(2,428,183)	(174,765)	568,917	(6,339,058)
Interest income	4,090		138,262			152	2		143,100
Interest expense	(87,545)		(31,028)	(628)		(112,102)	(12,436)		(243,739)
Total interest income (expense)	(82,855)	-	107,234	(628)	-	(111,950)	(12,434)	-	(100,633)
Other income				232,021			8,161		210,122
Net income (loss) before income tax expense	(4,267,188)	101,344	103,120	188,180	(184,703)	(2,540,133)	(179,095)	568,917	(6,229,569)
Income tax expense	1,000					55,321	4,383		60,704
Net income (loss)	$ (4,268,188)	$ 101,344	$ 103,120	$ 188,180	$ (184,703)	$ (2,595,454)	$ (183,470)	$ 568,917	$ (6,290,273)

The accompanying notes are an integral part of these financial statements

ZIPPY SHELL USA, LLC AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2014

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SCHRECK BAVARO & COMPANY LLC
Certified Public Accountants/Business & Personal Consultants

INDEPENDENT AUDITOR'S REPORT

Reply to: Morristown

To the Members
Zippy Shell USA, LLC and Affiliates
Washington, DC 20009

We have audited the accompanying combined balance sheet of Zippy Shell USA, LLC and Affiliates as of December 31, 2014, and the related combined statements of income, members' capital and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible to the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally 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 involves 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Zippy Shell USA, LLC and Affiliates as of December 31, 2014, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The combined schedule of selling, general and administrative expenses is presented for the purpose of additional analysis of the financial statements and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Schenck Bavaro & Company LLC

Morristown, NJ
March 4, 2015

Zippy Shell USA, LLC and Affiliates
Combined Balance Sheet
December 31, 2014

ASSETS

Current assets:	
Cash	$ 2,243,331
Accounts receivable (net of $0 allowance for doubtful accounts)	588,560
Inventory	442,267
Prepaid expenses	58,671
Total current assets	3,332,829
Property and equipment:	
Vehicles	237,385
Computers and peripherals	699
Equipment	2,656,767
Less: accumulated depreciation	(899,596)
Total property, improvements and equipment - net	1,995,255
Other assets	
Initial license fees receivable	560,692
Notes receivable	1,190,113
Security deposits	30,527
Goodwill	7,993,468
Intangibles (net of $60,228 accumulated amortization)	37,997
Total other assets	9,817,797
TOTAL ASSETS	$ 15,145,681

LIABILITIES AND MEMBERS' CAPITAL

Current liabilities:	
Accounts payable and accrued liabilities	$ 539,402
Current maturities of notes payable	991,500
Total current liabilities	1,530,902
Other liabilities:	
Notes payable	1,165,103
Total other liabilities	1,165,103
Members' capital:	
Balance at December 31, 2013	4,713,409
Adjustment for current year equity purchase	(386,101)
Treasury stock	(1,184,995)
Members' capital contribution	12,396,444
Dividends	(652,258)
Net loss for the year ended December 31,2014	(2,436,823)
Members' capital attributable to non-controlling interest	(3,049,332)
Total members' capital attributab e to controlling interest	9,400,344
Members' capital attributable to non-controlling interest	3,049,332
TOTAL LIABILITIES AND MEMBER'S CAPITAL	$ 15,145,681

The accompanying notes are an integral part of these financial statements.

Zippy Shell USA, LLC and Affiliates
Combined Income Statement
For the year ended December 31, 2014

Revenues	
Franchisor	$ 2,909,496
Company operated franchisees	1,081,022
Product sales	3,404,422
Total Revenues	7,394,940
Cost of goods sold	
Franchisor	2,583,174
Company operated franchisees	1,049,778
Product sales	2,701,293
Total Cost of goods sold	6,334,245
Gross profit	1,060,695
Selling, general and administrative expenses	3,409,163
Loss from operations	(2,348,468)
Interest income	177,205
Interest expense	(216,951)
Total interest expense	(39,746)
Net loss before income tax expense	(2,388,214)
Income tax expense	48,609
Net loss	(2,436,823)
Net loss attributable to noncontrolling interest	(707,780)
Net loss attributable to controlling interest	$ (1,729,043)

The accompanying notes are an integral part of these financial statements.

Zippy Shell USA, LLC and Affiliates
Combined Statement of Cash Flows
For the year ended December 31, 2014

Cash flows from operating activities:	
Net loss	$ (2,436,822)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation expense	483,675
Amortization expense	1,370
Decrease (increase) in operating assets:	
Accounts receivable	(278,885)
Inventory	(305,900)
Prepaid expenses and other receivables	(25,151)
Decrease (increase) in other assets	
Initial license fees receivable	(279,518)
Security deposit and other assets	(4,149)
Increase (Decrease) in operating liabilities:	
Accounts payable and accrued expenses	34,280
Increase (Decrease) in other liabilities:	
Franchise fee payable	(71,434)
Net cash used in operating activities	($2,902,379)
Cash flows from investing activities:	
Purchase of fixed assets	(721,033)
Gain on disposition of fixed assets	(7,528)
Proceeds from investments	18,373
Purchase of intangibles	(37,925)
Issuance of treasury stock	(1,400,000)
Net cash used in investing activities	(2,148,113)
Cash flows from financing activities:	
Member capital contributions	5,016,726
Payment of dividends	(652,258)
Proceeds from notes payable	568,772
Payments of notes payable	(68,957)
Payments of notes receivable	479,540
Proceeds from notes receivable	(938,400)
Net cash provided by financing activities	4,405,813
Net increase in cash and cash equivalents	(644,679)
Cash and cash equivalents, beginning of period	2,868,010
Cash and cash equivalents, end of period	$ 2,243,331
Supplemental disclosures:	
Cash paid for interest	$ 216,951
Cash paid for income taxes	$ 48,609
Non-cash transactions	
Goodwill aquired in equity transaction	$ 7,379,718
Goodwill aquired in debt transaction	$ 618,760
Adjustment for current year equity purchase	$ 386,101

The accompanying notes are an integral part of these financial statements

ZIPPY SHELL USA, LLC AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 BACKGROUND

Zippy Shell USA, LLC ("ZSA") was formed in 2009 for the purpose of sub-licensing and operating the Zippy Shell System. On May 29, 2009, the LLC acquired an exclusive license and owns a unique system that permits the LLC to appoint sub-licenses and provide mobile self-storage services and marketing opportunities. The LLC offers to qualified applicants a sub license agreement which grants the right to establish and operate a Zippy Shell business with an exclusive area designated by the LLC in the sub-license agreement. Since August 1, 2009, the LLC has offered distributer licenses for the operation of a unique mobile self-storage marketing and moving business which features the use of mobile, self-storage units. The LLC issued, effective November 4, 2009, a franchise disclosure document (FDD) thus qualifying it to offer franchises in 35 states. The LLC has commenced filing of the FDD in the remaining 15 states and upon approval will begin to sell franchises in those states. In May 2014, the Company acquired by merger the master franchisor of the Zippy Shell system - Zippy Shell International, LLC ("ZSI"). Zippy Shell USA, LLC was the surviving entity in the merger and ZSI was dissolved at the time of the deal.

Crescent Products USA, LLC was formed in 2009 for the purpose of the sale of shells and cartridges to franchisees

Logistics Finance Services, LLC was formed in 2012 for the purpose of providing financing to franchisees.

In 2014, ZSA launched a containerized transportation service that operates within the Zippy Shell franchise network ("ZipMove"). ZipMove utilizes third party logistics companies to transport mobile storage containers between Zippy System locations, and these locations provide the last mile delivery to the customer and local service support. The Company currently offers ZipMove to its customers and plans to continue to do so in the future.

The Company has had equity and management control interests in company-owned and/ or joint venture owned franchise operations in specific territories. These entities have been generally operated similar to third-party-owned Zippy Shell franchise territories. These are described in the following:

Shells4U, LLC was formed in 2009 for the purpose of operating a sub-license business in an exclusive area. Crescent Products USA, LLC and certain equity members of Crescent Products USA, LLC acquired an equity interest and management control of Shells4U LLC in October 2012.

ZIPPY SHELL USA, LLC AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Zippy Shell Storage Operations, LLC was formed in 2012 for the purpose of operating a sub-license franchise operation in South Bay, CA (DBA Zippy Shell South Bay). Certain equity members of Zippy Shell USA, LLC acquired the assets of Zippy Shell South Bay and management control in November 2012. The Zippy Shell South Bay franchise territory was then transferred to a new entity BW Storage Two, LLC. After which time, Zippy Shell Storage Operations, LLC ("ZSSO") then went on to exist as a holding company without operations activity flowing through the legal entity.

BW Storage Two, LLC/South Bay, BW Storage Two, LLC/Anne Arundel-Howard Counties, ZS PG County, LLC, and Zippy Shell Denver Storage, LLC were formed in 2013 for the purpose of operating a sub-license franchise operation in exclusive territories with 3rd parties as equity investors.

Xandra Ventures, Inc. was formed in 2012 for the purpose of operating a sub-license business in an exclusive area in TN. ZSA acquired a 51% equity interest and management control in July 2013.

In January 2014, ZSA acquired the assets of an existing franchisee in the Philadelphia, PA area. Zippy Shell Mainline, LLC was created to hold the company-owned franchise operations and was wholly owned by the Company

In June 2014, through agreed upon terms the 3rd party investor in the Anne-Arundel/ Howard County, MD franchise ("AA-Howard") exited the investment. The AA Howard franchise operation then become wholly owned under a new legal entity, BW Storage Three, LLC.

In December 2014, a private placement memorandum ("PPM") was circulated in capital raising efforts under Zippy Shell Storage Operation, LLC ("ZSSO"). In conjunction with the PPM offering, five of the company-owned and joint venture entities were merged and dissolved into ZSSO. In December 2014, these five legal entities were merged with ZSSO and dissolved:

Shells4You, LLC

BW Storage Three, LLC

ZS PG County, LLC

Zippy Shell Mainline, LLC

Xandra Ventures, Inc.

The existing third party investors in former legal entities had exchanged their ownership equity for new equity received in ZSSO. As well, ZSSO received $419,996.80 in new capital investment from investors during December 2014.

At year-ended 2014, there remained the following entities to be consolidated as related by common ownership and management control:

Zippy Shell USA, LLC

Crescent Products USA, LLC

Logistics Finance Services, LLC

Zippy Shell Storage Operations, LLC

BW Storage Two, LLC

Zippy Shell Denver Storage, LLC

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company uses the accrual basis of accounting for the preparation of their financial statements. Under the accrual method, income is recognized when earned, even though not actually received and expenses are recognized when incurred, whether or not they have been paid.

Cash and cash equivalents

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. At times the balances may be in excess of insurance limits. At December 31, 2014, the Company did have in excess of the insured limit of $250,000.

Inventory

The Company purchases Zippy shell systems, loading beds and cartridges from manufacturing vendors for sale to sub-licensees in the USA. The products are shipped directly to the sub-licensees' designated place of delivery. Inventory consists mainly of products which have been shipped out of the Company's facility and are in transit but not yet delivered to sub-licensee. Management has at times purchased and held container inventory at its company-owned

warehouse facilities ahead of specific franchisee orders. Inventory is stated at cost.

Consolidation

The accompanying combined financial statements include the accounts of Zippy Shell USA, LLC, Crescent Products USA, LLC, Logistics Finance Services, LLC, Zippy Shell Storage Operations, LLC, BW Storage Two, LLC/South Bay, and Zippy Shell Denver Storage, LLC. Significant intercompany transactions and balances have been eliminated in consolidation. Controlling and non-controlling interests are presented in accordance with Accounting Standards Codification (Codification) ASC 810.

Codification

In June 2009, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (Codification). Effective July 1, 2009, the Codification is the single source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP). The codification is intended to reorganize, rather than change, existing GAAP. Accordingly, all references to currently existing GAAP have been removed and have been replaced with plain English explanations of the Company's accounting policies. The adoption of the Codification did not have a material impact on the Company's financial position or results of operations.

Revenue recognition

Initial license fee from sub-licensees/franchisees are recognized at the time of execution of sublicensing agreement. The initial license fee is not refundable, in whole or in part, and is fully earned without any cost obligation in future on the part of the Company after the sub-license agreement has been signed. Any payments of the initial license fee not made prior to an early termination of the sub-license agreement are still due to the Company. In the event the sub-license agreements do not call for full payment at the time of execution, the outstanding fee balance, together with accrued interest if necessary, is reflected in the financial statements.

The Company charges sub-licensees various monthly and one-time fees. The license agreements with sub-licensees allow the Company to charge the following: a royalty fee based on the amount of cartridges purchased for use; fees associated with the sub-licensees contribution for Company Marketing; and

fees related to certain use of the Company's call center. Accordingly, revenue from these fees is recognized as and when it becomes due per the respective sub-licensee agreements.

The Company's agreement with the licensor of the Zippy Shell System had provided that the Company shall pay the licensor 20% of net initial franchise fee and related interest income as collected, 20% of all royalties received from sub licensees from the purchase of cartridges, 30% of all the gross profit related to cartridge purchases by the sub-licensees and, 30% of all trailer administrative fees received. In May 2014, the Company acquired the master licensor by merger. Zippy Shell USA, LLC was the surviving legal entity and the former master licensor entity that had been acquired, Zippy Shell International, LLC, was dissolved. After May 2014, the Company no longer owed any payments to a master licensor company as it had been acquired and dissolved by Zippy Shell USA, LLC.

Commission and continuing license fees are recognized on shipment to the sub-licensees by the licensor. The administrator fee is earned and due at the time of placing the order to the licensor by sub-licensee. The revenue from administrative fees is recognized on placement of an order of shell units by sub-licensee.

Use of estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Property and equipment

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expense as incurred; major betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Vehicles	5 years
Computer and peripherals	5 years
Equipment	5 years

The net values of any assets retired or sold are removed from the respective accounts, and any resulting gains or losses, if any, are included in operations.

For federal tax purposes, depreciation is primarily computed using the modified accelerated cost recovery system or fully expensed under section 179 of Internal Revenue Code (IRC). Certain software purchases and expenditures for maintenance and repairs are charged to expenses as incurred.

Income taxes

Zippy Shell USA, LLC, Crescent Products USA, LLC, Logistics Finance Services, LLC, Shells4U, LLC, Zippy Shell Storage Operations, LLC, BW Storage Two, LLC/South Bay, BW Storage Two, LLC/Anne Arundel-Howard Counties, ZS PG County, LLC, BW Storage Three, LLC, Zippy Shell Mainline, LLC, and Zippy Shell Denver Storage, LLC are considered partnerships per the Internal Revenue Code. In lieu of partnership income taxes, the members of a partnership are taxed on their proportionate share of the partnership's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements. Provisions for entity-level state and local franchise taxes have been made in these financial statements. For the 2014 tax year, the merged and dissolved entities will be filing final tax returns.

Xandra Ventures, Inc. had an operating loss for the current year and the tax implication has not been estimated in these financial statements. The Xandra Ventures, Inc. legal entity was merged and dissolved in December 2014.

The tax years 2012, 2013, and 2014 remain subject to examination by major tax jurisdictions.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred.

Trade accounts receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and our customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Goodwill

Goodwill is recorded at cost. Goodwill is subsequently analyzed for impairment annually as per ASC 350, Intangibles – Goodwill and Other. During 2014, the Company recorded $7,998,468 on the acquisition by merger of Zippy Shell International, LLC. This value primarily arose out of the value of Zippy Shell USA, LLC membership units issued to the ownership of the acquired company; and the assumption of a $618,750 debt. The Company issued 421,534 membership units at the per unit value of $17.50

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

Depreciation of Equipment, Computer and peripherals are provided using the straight line method and amounted to $463,975 for December 31, 2014.

NOTE 4 RELATED PARTY TRANSACTIONS

The Company has computer and equipment rental, network maintenance, training and marketing arrangements with a company wherein a member of the Company has ownership interests. The agreement is on a month to month and as needed basis. During the year 2014, the Company incurred $169,657 in various expenses. The accounts payable includes $10,100 payable to this related company as of December 31, 2014.

The Company had a franchise agreement with Zippy Shell International wherein members of the Company had ownership interests. During the year 2014, the Company has incurred $155,373 in various expenses like franchise fees, cartridge license fees and administrative fees to the related party. In May 2014, Zippy Shell USA acquired by merger the master licensor entity Zippy Shell International. Zippy Shell USA, LLC was the surviving entity in the merger and ZSI was dissolved at the time of the deal. An additional $263,058 was paid out to Zippy Shell International in the final settlement of the deal. Upon completion of this deal in May 2014, there were no longer related party transactions.

The Company has a $618,750 note payable bearing 12% interest with Servicing Options, LLC wherein members of the Company had ownership interests. During 2014, the Company incurred $43,312.50 in interest expense on the note.

NOTE 5 LLC TAXES

A provision of $45,609 has been made to cover minimum LLC franchise taxes, property taxes, penalties and interest for states with such taxes.

NOTE 6 COMMITMENTS

The Company purchases Zippy Shell trailers, loading beds and cartridges from vendors for resale it to sub-franchisees. During the normal course of business, based on franchisee's requirements, the Company enters into agreements with its vendor suppliers to purchase those items. As of December 31, 2014 the Company had total purchase commitments for inventory of $238,979.

NOTE 7 MEMBERS CONTRIBUTION

Zippy Shell USA, LLC has 2,100,000 membership units authorized and 1,901,328 issued and outstanding at December 31, 2014. Of the 1,901,328 units 860,000 were granted to the management and officers of Zippy Shell USA, LLC without obligation to pay.

The liabilities of the members to third parties are to the extent of their capital contributions. No member is obligated to make any additional contribution to the Company. However, members may advance capital to satisfy the additional capital needs of the Company.

In 2010, 2011 and 2012 the Company issued 107,450 convertible 8% paid in kind membership units convertible at October 1, 2013 at the option of the holder, at par with accrued unpaid guaranteed payments, into common units at $15 per share. At October 1, 2013 all preferred units and accrued unpaid guaranteed payments were converted into 121,698 common units. The net profit is distributed among members in a profit sharing ratio as specified in the operating agreement.

Zippy Shell Storage Operations, LLC has 4,000,000 common units authorized of which 2,889,355 units are issued and outstanding as of December 31, 2014; 11,000,000 Class A Preferred units authorized of which 1,220,872 units are issued and outstanding as of December 31, 2014; 1,000,000 Class B Preferred units authorized of which 0 (zero) units are issued and outstanding as of December 31, 2014.

Logistic Finance Services, LLC has 1,000,000 units authorized of which 102,500 units are issued and outstanding as of December 31, 2014.

BW Storage Two, LLC has 1,000,000 units authorized of which 750,000 units are issued and outstanding as of December 31, 2014.

Zippy Shell Denver Storage, LLC has 1,000,000 units authorized of which 750,000 units are issued and outstanding as of December 31, 2014.

Treasury Units

During 2014, the Company re-purchased 80,000 membership units at the current value of $17.50 per unit for a total cash outlay of $1,400,000. Subsequent to the re-purchases, the Company re-sold 12,286 membership units back to investors. The 2014 year-ended Treasury units balance was $1,184,995.

NOTE 8 ECONOMIC DEPENDENCIES

Until this year 2014, the Company's business operations emanated from an exclusive licensing agreement with the licensor of the Zippy Shell System. The term of agreement was the later of a) last to expire of the patents and b) eighty years, there are contingencies in the licensing agreement, the occurrence of which would result in early termination of the agreement by the licensor without notice to the licensee. Any material breach of the agreement by either party, if not remedied with n 30 days of the breach notice, would also instigate the other party to terminate the licensing agreement immediately.

In May 2014, Zippy Shell USA acquired by merger the master licensor Zippy Shell International ("ZSI"). Zippy Shell USA, LLC was the surviving entity in the merger and ZSI was dissolved at the time of the deal. Upon completion of this deal this economic dependency described ceased.

NOTE 9 NOTES PAYABLE

Notes payable are as follows as of December 31 2014:

Terms	Amount
To StorMark LLC at 7%, amortized over 117 months, unsecured, due 5/1/22	$ 93,053
To StorMark LLC at 7%, amortized over 120 months, unsecured, due 11/1/22	29,739

To Ford Credit at 1.93%, amortized over 72 months, secured by vehicle, due 12/16/18	24,324
To Ally Credit at 4.05%, amortized over 72 months, secured by vehicle, due 06/13/19	31,925
To TD Auto Finance at 4.10%, amortized over 72 months, secured by vehicle, due 02/19/19	30,336
To De Lage Landon at 8.73%, amortized over 36 months, secured by equipment, due 04/15/16	12,587
To Chrysler Capital at 4.49%, amortized over 72 months, secured by vehicle, due 07/03/19	34,231
To Victory Van at 8.30%, amortized over 36 months, secured by equipment, due 01/15/15	780
To various debt holders in Logistics Finance at 10.0%, interest-only over 36 months, unsecured, maturities due various dates in 2018	325,000
To Servicing Options at 12.0%, interest-only, unsecured, due 12/01/2015	618,750
Five notes to DL Capital at 10.0%, unsecured, amortized over 72 months, due 12/31/2020	912,000
To De Lage Lancen at 4.295%, amortized over 36 months, secured by equipment, due 02/01/17	21,939
To De Lage Lancen at 4.295%, amortized over 36 months, secured by equipment, due 02/01/17	21,939
Less: current maturities of notes payable	(991,500)
Long term maturities of notes payable	$ 1,165,103

Five year maturities of notes payable for years ending December 31 are as follows:

Year	Amount
2015	$ 991,500
2016	390,298
2017	249,431
2018	44,937
2019	432,880
Thereafter	47,577
Total maturities of notes payable	$ 2,156,603

NOTE 10 OPERATING LEASES

The Company leases warehouse space under non-cancelable operating leases. The leases have varying terms, purchase options, escalation clauses, and renewal rights. Future minimum amounts payable under non-cancellable operating leases for years ended December 31 are as follows:

Year	Amount
2015	$ 578,218
2016	467,865
2017	424,498
2018	229,521
2019	89,455
Thereafter	-
Total Operating Lease Commitments	$ 1,789,557

Lease expense for the year ended December 31, 2014 was $127,853.

NOTE 11 SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through March 4, 2015, the date on which the financial statements were available to be issued.

Zippy Shell USA, LLC and Affiliates
Combined Schedule of Selling, General and Administrative Expenses
For the year ended December 31, 2014

Advertising and promotion	$ 515,577
Amortization	1,370
Automobile	17,476
Bank charges	51,028
Commissions	4,350
Computer	195,217
Depreciation	463,975
Donations	10,550
Dues & subscriptions	3,644
Education and training	3,066
Insurance	89,450
Licenses	2,897
Office	14,326
Payroll taxes	118,197
Professional services	391,658
Registration and filing fees	23,800
Rent	127,853
Repairs & Maint	1,800
Salaries and guaranteed payments	1,179,982
Telephone	43,454
Travel,Meals & Entertainment	148,326
Utilities	1,063
Total selling, general and administrative expenses	$ 3,409,163

The accompanying notes are an integral part of these financial statements.

Zippy Shell USA, LLC and Affiliates -
Combining Balance Sheet
December 31, 2014

	Zippy Shell USA, LLC	Concept Products USA, LLC	Partner 1, LLC	BW Equities Texas, LP	LEA Real Estate Partners, LLC	LW Leasing Texas, LLC/Quail Bay	LW Leasing Texas, LLC/Lea Mount County	Foreign Warehouse, Inc.	Zippy Shell Canada Imports, LLC
ASSETS									
Current assets:									
Cash	999,783	330,810	50	50	139,244	344,343	10	10	1,153,633
Accounts receivable (net of allowance for doubtful accounts)	809,505	933,180				6,451			14,470
Inventory		442,464							
Prepaid expenses	68,617								1,263
Employee advances									
Total current assets	1,877,905	1,847,647	50	50	139,244	350,794	-	-	1,169,367
Property and equipment:									
Vehicles						119,704			
Computers and peripherals	690								
Equipment	5,800	255,701				499,153			331,434
Less: accumulated depreciation	(5,690)	(97,831)				(217,915)			(66,480)
Total property, equipment and accumulated depreciation - net	-	318,189	-	-	-	421,656	-	-	265,954
Other assets:									
Notes receivable and refundable tax receivable	1,219,000								
Notes receivable	1,500				1,410,672				
Investments	2,634,742	102,313							
Due from affiliates	315,000								
Security deposits	8,000					11,291			4,312
Goodwill	7,316,408								
Intangible assets (net of $[illegible] accumulated amortization)						140,110			274,047
Total other assets	11,494,650	102,313	-	-	1,410,672	151,401	-	-	278,359
TOTAL ASSETS	$ 14,373,555	$ 2,267,150	$ 50	$ 50	$ 1,549,916	$ 923,851	$ 10	$ 10	$ 1,713,680
LIABILITIES AND MEMBERS' CAPITAL									
Current liabilities:									
Accounts payable and accrued liabilities	$ 343,947	$ 420,457			$ 10,701	$ 55,181			$ 53,377
Current maturities of notes payable	437,493					63,760			8,075
Total current liabilities	781,440	420,457	-	-	10,701	118,941	-	-	61,452
Other liabilities:									
Advances for services									
Due to affiliates		353,313							
Notes payable	11,956				309,000	244,481			11,954
Total other liabilities	11,956	353,313	-	-	309,000	244,481	-	-	11,954
Members' capital:									
Balance at December 31, 2013	5,510,398	888,337	(393,091)		1,047,843	17,150	167,001	75,000	208,843
Adjustment to current year activity transactions			394,235	110,024			2,985		
Treasury stock	(1,184,972)								
Members capital contribution	11,233,104				624,420	582,613		183,529	431,857
Dividends	(491,560)	-			(242,871)				
Net assets for the year ended December 31, 2014	(310,453)	693,840	624,273	(110,024)	919,350	(711,654)	(169,986)	(258,529)	(223,252)
Members' capital attributable to noncontrolling interests	-	-	-	-	(1,220,704)	(492,371)	-	-	(170,000)
Total members' capital attributable to controlling interests	15,702,415	1,581,433	-	-	857,164	251,238	-	-	(10,140)
Members' capital attributable to noncontrolling interests	-	-	-	-	1,233,134	492,371	-	-	170,000
TOTAL LIABILITIES AND MEMBERS' CAPITAL	$ 14,373,555	$ 2,267,150	$ 50	$ 50	$ 1,549,916	$ 923,851	$ 10	$ 10	$ 1,713,680

The accompanying notes are an integral part of these financial statements.

Ziggy Shell USA, LLC and Affiliates -
Combining Balance Sheet
December 31, 2014

	Ziggy Shell USA, LLC	23 PC Cayman, Ltd.	Ziggy Shell Zigzag Guernsey, L.P.	Eliminations/Entries	Combined
ASSETS					
Current assets:					
Cash	$ -	$ 50	1773,124		$2,215,33[illegible]
Accounts receivable (net of $0 allowance for doubtful accounts)			234	(1,772,843)	1,[illegible]581
Inventories					427,087
Prepaid expenses			20,164		60,071
Employee advances					-
Total current assets	-	-	2,[illegible]4,122	(1,[illegible]2,643)	3,[illegible]3,511
Property and equipment:					
Vehicles			60,531		227,[illegible]82
Computers and software					753
Equipment			1,078,841	(678,715)	2,[illegible]8,763
Less: accumulated depreciation			(991,[illegible]21)	(83,[illegible]96)	(997,[illegible]96)
Total property, equipment and leasehold - net	-	-	1,[illegible]3,[illegible]04	(762,[illegible]74)	1,[illegible]5,[illegible]51
Other assets:					
Line of credit and marketable loan receivable				(629,[illegible]00)	[illegible]629,[illegible]00
Accounts receivable				(977,[illegible]30)	1,[illegible]8[illegible]1,[illegible]13
Investments			4,[illegible]8,[illegible]55	(2,[illegible]7,[illegible]04)	-
Due from affiliate				([illegible]25,[illegible]35)	-
Security deposits			6,[illegible]63		20,[illegible]77
Goodwill					2,[illegible]8,[illegible]66
Intangibles (net of $53,228 accumulated amortization)			1,[illegible]3,[illegible]45	(2,[illegible]5,[illegible]81)	37,[illegible]94
Total other assets	-	-	2,[illegible]9,[illegible]16	(7,[illegible]0[illegible],[illegible]13)	2,[illegible]7,[illegible]87
TOTAL ASSETS	$ -	$ -	$ 4,[illegible]80,[illegible]22	$ (1,[illegible]2,[illegible]87)	$ 15,[illegible]6,[illegible]21
LIABILITIES AND MEMBERS' CAPITAL					
Current liabilities:					
Accounts payable and accrued liabilities			31,[illegible]37,[illegible]17	($1,[illegible]2,[illegible]84)	$[illegible]29,[illegible]33
Current maturities of notes payable			700,[illegible]29		[illegible]81,[illegible]97
Total current liabilities	-	-	1,[illegible]3,[illegible]46	($1,[illegible]2,[illegible]84)	1,[illegible]1,[illegible]30
Other liabilities:					
Franchise fee payable			6,[illegible]1[illegible]0	([illegible]6,[illegible]00)	-
Due to affiliates				([illegible]65,[illegible]35)	-
Notes payable			730,[illegible]07	([illegible]06,[illegible]69)	1,[illegible]3,[illegible]52
Total other liabilities	-	-	1,[illegible]3,[illegible]37	([illegible]1,[illegible]7,[illegible]1)	1,[illegible]3,[illegible]87
Members' equity:					
Balance at December 31, 2013	-	423,[illegible]53	[illegible]923	([illegible]1,[illegible]76,[illegible]23)	4,[illegible]10,[illegible]29
Adjustment for indirect year-end distribution		([illegible]57,[illegible]23)		([illegible]58,[illegible]11)	([illegible]26,[illegible]10)
Treasury Stock					([illegible]1,[illegible]6,[illegible]23)
Members' equity contribution	$[illegible]8,[illegible]23		3,[illegible]3,[illegible]76	(2,[illegible]1,[illegible]3,[illegible]74)	12,[illegible]76,[illegible]24
Dividends					([illegible]52,[illegible]28)
Net (loss) for the year ended December 31, 2014	([illegible]1,[illegible]7,[illegible]78)	([illegible]22,[illegible]48)	(92,[illegible]23)	([illegible]1,[illegible]3,[illegible]6)	([illegible]2,[illegible]6,[illegible]23)
Members' equity (prior to the acquisition of Ziggy Shell)	-	-	([illegible]1,[illegible]2,[illegible]78)	3,[illegible]8,[illegible]70	([illegible]3,[illegible]9,[illegible]31)
Total members' equity attributable to controlling interest	-	-	1,[illegible]8,[illegible]1[illegible]	[illegible]2,[illegible]2,[illegible]19	3,[illegible]0,[illegible]41
Members' equity attributable to noncontrolling interest		-	3,[illegible]1,[illegible]78	([illegible]2,[illegible]8,[illegible]00)	3,[illegible]8,[illegible]78
TOTAL LIABILITIES AND MEMBERS' CAPITAL	$ -	$ -	$ 4,[illegible]9[illegible],[illegible]22	$ ([illegible]2,[illegible]7,[illegible]1)	$ [illegible]4,[illegible]1,[illegible]91

[illegible] (1) and 2 through 23 of these financial statements

Zippy Shell USA, LLC and Affiliates -
Combining Income Statement
For the year ended December 31, 2014

	Zippy Shell USA, LLC	Cleveland Products SA, LLC	Shell4U, LLC	BW Storage Third, LLC	Lexington Finance Services, LLC	BW Storage Two, LLC/South Bay	BW Storage Two, LLC/AA Howard County	Xandra Ventures, Inc.	Zippy Shell Durable Storage, LLC
Revenues									
Franchises	$ 4,516,496								
Company operated franchisees			280,991	131,933		231,180		122,490	51,057
Product sales		3,851,753							
Total Revenues	4,519,486	3,851,753	280,991	131,933	-	231,180	-	122,490	51,057
Cost of goods sold									
Franchises	2,583,174								
Company operated franchisees			212,207	140,611		190,637		92,502	127,574
Product sales		3,047,214							
Total Cost of goods sold	2,583,174	3,047,214	212,207	140,611	-	190,637	-	92,502	127,574
Gross profit	1,936,322	804,539	68,684	(8,035)	-	34,543	-	29,988	(46,517)
Selling, general and administrative expenses	2,009,119	41,893	258,271	83,015	9,523	277,056	151,253	220,185	175,675
Income (loss) from operations	(120,797)	762,846	(189,687)	(95,923)	(9,523)	(242,513)	(151,253)	(190,197)	(222,192)
Interest income	12,631				164,574				
Interest expense	(55,516)		(51,564)	(13,901)	(34,089)	(26,615)		(15,269)	(1,091)
Total interest income (expense)	(43,285)	-	(51,564)	(13,901)	129,885	(26,615)	-	(15,269)	(1,091)
Net income (loss) before income tax expense	(173,082)	762,846	(241,271)	(110,824)	120,362	(271,126)	(151,253)	(205,468)	(223,283)
Income tax expense	37,353				3,776	800		2,371	
Net income (loss)	(210,435)	762,846	(241,271)	(110,824)	110,586	(271,925)	(151,253)	(207,837)	(223,283)
Net income (loss) attributable to noncontrolling interest	-	-	(155,826)	-	110,757	(135,964)	(75,626)	(101,840)	(147,397)
Net income (loss) attributable to controlling interest	$ (210,435)	$ 762,846	$ (84,445)	$ (110,824)	$ 5,729	$ (135,964)	$ (75,627)	$ (105,997)	$ (75,910)

The accompanying notes are an integral part of these financial statements.

Zippy Shell USA, LLC and Affiliates -
Combining Income Statement
For the year ended December 31, 2014

	Zippy Shell Main Line, LLC	2S PG County, LLC	Zippy Shell Storage Operations, LLC	Combining Entries	Combined
Revenues					
Franchisor				$ (1,610,000)	$ 2,995,406
Company operated franchisees	73,511	84,852	75,035		1,061,022
Product sales				(447,231)	3,404,422
Total Revenues	73,511	84,852	75,035	(2,057,231)	7,394,940
Cost of goods sold					
Franchisor					2,563,174
Company operated franchisees	90,583	126,652	60,712		1,049,778
Product sales				(345,921)	2,701,295
Total Cost of goods sold	90,583	126,652	60,712	(345,921)	6,334,245
Gross profit	(17,072)	(43,800)	14,323	(1,711,410)	1,060,695
Selling, general and administrative expenses	159,635	205,675	98,785	(345,522)	3,409,163
Income (loss) from operations	(177,007)	(251,475)	(84,450)	(1,365,888)	(2,348,458)
Interest income					177,205
Interest expense	(1,113)	(6,504)	(8,269)		(216,551)
Total interest income (expense)	(1,113)	(6,504)	(8,269)	-	(39,746)
Net income (loss) before income tax expense	(178,120)	(258,579)	(92,728)	(1,365,888)	(2,388,214)
Income tax expense		4,309			48,609
Net income (loss)	(178,120)	(262,435)	(92,728)	(1,365,888)	(2,436,623)
Net income (loss) attributable to noncontrolling interest	-	(173,374)	(27,540)	-	(707,780)
Net income (loss) attributable to controlling interest	$ (178,120)	$ (89,814)	$ (65,180)	$ (1,365,888)	$ (1,720,043)

The accompanying notes are an integral part of these financial statements

ZIPPY SHELL USA, LLC AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2013

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SCHRECK BAVARO & COMPANY LLC
Certified Public Accountants/Business & Personal Consultants

Reply to: Morristown

INDEPENDENT AUDITOR'S REPORT

To the Members
Zippy Shell USA, LLC and Affiliates
Washington, DC 20009

We have audited the accompanying combined balance sheet of Zippy Shell USA, LLC and Affiliates as of December 31, 2013, and the related combined statements of income, members' capital and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible to the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally 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 involves 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Zippy Shell USA, LLC and Affiliates as of December 31, 2013, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The combined schedule of selling, general and administrative expenses is presented for the purpose of additional analysis of the financial statements and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Schueck Bavaro & Company LLC

Morristown, NJ
February 14, 2014

Zippy Shell USA, LLC and Affiliates
Combined Balance Sheet
December 31, 2013

ASSETS

Current assets:	
Cash	$ 2,888,010
Accounts receivable (net of $0 allowance for doubtful accounts)	309,574
Inventory	136,767
Prepaid expenses	7,075
Employee advances	25,845
Total current assets	3,367,271
Property and equipment:	
Vehicles	226,364
Computers and peripherals	899
Equipment	1,946,755
Less: accumulated depreciation	(443,149)
Total property, improvements and equipment - net	1,730,869
Other assets	
Initial license fees receivable	281,173
Notes receivable	527,979
Investments	18,373
Security deposits	26,378
Intangibles (net of $58,858 accumulated amortization)	1,442
Total other assets	855,345
TOTAL ASSETS	$ 5,953,285

LIABILITIES AND MEMBERS' CAPITAL

Current liabilities:	
Accounts payable and accrued liabilities	$ 505,114
Current maturities of notes payable	57,987
Total current liabilities	563,101
Other liabilities:	
Franchise fee payable	71,484
Notes payable	605,291
Total other liabilities	676,775
Members' capital:	
Balance at December 31, 2012	1,714,784
Adjustment for current year equity purchase	30,681
Members' capital contribution	3,836,625
Dividends	(125,671)
Net loss for the year ended December 31,2013	(742,010)
Members' capital attributable to non-controlling interest	(2,261,951)
Total members' capital attributable to controlling interest	2,451,458
Members' capital attributable to non-controlling interest	2,261,951
TOTAL LIABILITIES AND MEMBER'S CAPITAL	$ 5,953,285

The accompanying notes are an integral part of these financial statements

Zippy Shell USA, LLC and Affiliates
Combined Income Statement
For the year ended December 31, 2013

Revenues	
Franchisor	$ 1,898,134
Company operated franchisees	547,913
Product sales	2,477,726
Total Revenues	4,923,773
Cost of goods sold	
Franchisor	661,679
Company operated franchisees	82,375
Product sales	1,908,233
Total Cost of goods sold	2,652,287
Gross profit	2,271,486
Selling, general and administrative expenses	3,038,785
Loss from operations	(767,299)
Interest income	60,610
Interest expense	(29,819)
Total interest income	30,791
Net loss before income tax expense	(736,508)
Income tax expense	5,502
Net loss	(742,010)
Net loss attributable to noncontrolling interest	(390,260)
Net loss attributable to controlling interest	$ (351,750)

The accompanying notes are an integral part of these financial statements.

Zippy Shell USA, LLC and Affiliates
Combined Statement of Cash Flows
For the year ended December 31, 2013

Cash flows from operating activities:	
Net loss	$ (742,010)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation expense	274,916
Decrease (Increase) in operating assets:	
Accounts receivable	(116,482)
Inventory	242,206
Prepaid expenses and other receivables	(32,767)
Decrease (Increase) in other assets:	
Initial license fees receivable	47,549
Security deposit and other assets	(22,003)
Increase (Decrease) in operating liabilities:	
Accounts payable and accrued expenses	370,263
Increase (Decrease) in other liabilities:	
Franchise fee payable	(170,839)
Net cash used in operating activities	($149,147)
Cash flows from investing activities,	
Purchase of fixed assets	(1,037,617)
Purchase of investments	(18,379)
Purchase of stock	30,981
Net cash used in investing activities	(1,625,309)
Cash flows from financing activities:	
Member capital contributions	3,835,625
Payment of dividends	(126,671)
Proceeds from notes payable	469,643
Payments of notes payable	(36,000)
Payments of notes receivable	(363,205)
Proceeds from notes receivable	85,619
Net cash provided by financing activities	3,866,011
Net increase in cash and cash equivalents	2,091,555
Cash and cash equivalents, beginning of period	796,455
Cash and cash equivalents, end of period	$ 2,888,010
Supplemental disclosures:	
Cash paid for interest	$ 29,819
Cash paid for income taxes	$ 5,502

The accompanying notes are an integral part of these financial statements.

ZIPPY SHELL USA, LLC AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 BACKGROUND

Zippy Shell USA, LLC was formed in 2009 for the purpose of sub-licensing and operating the Zippy Shell System. On May 29, 2009, the LLC acquired an exclusive license and owns a unique system that permits the LLC to appoint sub-licenses and provide mobile self-storage services and marketing opportunities. The LLC offers to qualified applicants a sub license agreement which grants the right to establish and operate a Zippy Shell business with an exclusive area designated by the LLC in the sub-license agreement. Since August 1, 2009, the LLC has offered distributer licenses for the operation of a unique mobile self-storage marketing and moving business which features the use of mobile, self-storage units. The LLC issued, effective November 4, 2009, a franchise disclosure document (FDD) thus qualifying it to offer franchises in 35 states. The LLC has commenced filing of the FDD in the remaining 15 states and upon approval will begin to sell franchises in those states.

Crescent Products USA, LLC was formed in 2009 for the purpose of the sale of shells and cartridges to franchisees.

Logistics Finance Services, LLC was formed in 2012 for the purpose of providing financing to sub-licensees.

Shells4U, LLC was formed in 2009 for the purpose of operating a sub-license business in an exclusive area. Crescent Products USA, LLC and certain equity members of Crescent Products USA, LLC acquired a majority equity interest and management control of Shells4U LLC in October 2012.

Zippy Shell Storage Operations, LLC (DBA Zippy Shell South Bay) was formed in 2012 for the purpose of operating a sub-license business in an exclusive area. Certain equity members of Zippy Shell USA, LLC acquired the assets of Zippy Shell South Bay and management control in November 2012.

BW Storage Two, LLC/South Bay, BW Storage Two, LLC/Anne Arundel-Howard Counties, ZS PG County, LLC, and Zippy Shell Denver Storage, LLC were formed in 2013 for the purpose of oporating a sub-license business in exclusive areas.

Xandra Ventures, Inc. was formed in 2012 for the purpose of operating a sub-license business in an exclusive area.

Zippy Shell USA, LLC, Crescent Products USA, LLC, Logistics Finance Services, LLC, Shells4U, LLC, Zippy Shell Storage Operations, LLC, BW Storage Two, LLC/South Bay, BW Storage Two, LLC/Anne Arundel-Howard Counties, ZS PG County, LLC, Xandra Ventures, Inc., and Zippy Shell Denver Storage, LLC

(hereafter "The Company") are ten separate legal entities that are related by common ownership and management.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company uses the accrual basis of accounting for the preparation of their financial statements. Under the accrual method, income is recognized when earned, even though not actually received and expenses are recognized when incurred, whether or not they have been paid.

Cash and cash equivalents

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. At times the balances may be in excess of insurance limits. At December 31, 2013, the Company did have in excess of the insured limit of $250,000.

Inventory

The Company purchases Zippy shell systems, loading beds and cartridges from the international franchisor for sale to sub-licensees in USA. The products are shipped by the international franchisor, under instructions of The Company, directly to the sub-licensees' designated place of delivery. Inventory consists mainly of products which has been shipped out of the international franchisor facility and are in transit but not yet delivered to sub-licensee. Inventory is stated at cost.

Consolidation

The accompanying combined financial statements include the accounts of Zippy Shell USA, LLC, Crescent Products USA, LLC, Logistics Finance Services, LLC, Shells4U, LLC, Zippy Shell Storage Operations, LLC, BW Storage Two, LLC/South Bay, BW Storage Two, LLC/Anne Arundel-Howard Counties, 7S PG County, LLC, Xandra Ventures, Inc., and Zippy Shell Denver Storage, LLC. Significant intercompany transactions and balances have been eliminated in

consolidation. Controlling and non-controlling interests are presented in accordance with Accounting Standards Codification (Codification) ASC 810

Codification

In June 2009, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (Codification). Effective July 1, 2009, the Codification is the single source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP). The codification is intended to reorganize, rather than change, existing GAAP. Accordingly, all references to currently existing GAAP have been removed and have been replaced with plain English explanations of the Company's accounting policies. The adoption of the Codification did not have a material impact on the Company's financial position or results of operations.

Revenue recognition

Initial license fee from sub-licensees are recognized at the time of execution of sublicensing agreement. The initial license fee is not refundable in whole or in part, and is fully earned without any cost obligation in future on the part of the Company after the sub-license agreement has been signed. Any payments of the initial license fee not made prior to an early termination of the sub-license agreement are still due to the Company. In the event the sub-license agreements do not call for full payment at the time of execution, the outstanding fee balance, together with accrued interest if necessary, is reflected in the financial statements.

The Company charges sub-licensees various monthly and one-time fees. The license agreements with sub-licensees allow the Company to charge the following: a royalty fee based on the amount of cartridges purchased for use; fees associated with the sub-licensees contribution for Company Marketing; and fees related to certain use of the Company's call center. Accordingly, revenue from these fees is recognized as and when it becomes due per the respective sub-licensee agreements

The Company's agreement with the licensor of the Zippy Shell System provides that the Company shall pay the licensor 20% of net initial franchise fee and related interest income as collected; 20% of all royalties received from sub

licensees from the purchase of cartridges; 30% of all the gross profit related to cartridge purchases by the sub-licensees and, 30% of all trailer administrative fees received.

Commission and continuing license fees are recognized on shipment to the sub-licensees by the licensor. The administrator fee is earned and due at the time of placing the order to the licensor by sub-licensee. The revenue from administrative fees is recognized on placement of an order of shell units by sub-licensee.

Use of estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Property and equipment

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expense as incurred; major betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Vehicles	5 years
Computer and peripherals	5 years
Equipment	5 years

The net values of any assets retired or sold are removed from the respective accounts, and any resulting gains or losses, if any, are included in operations. For federal tax purposes, depreciation is primarily computed using the modified accelerated cost recovery system or fully expensed under section 179 of Internal Revenue Code (IRC). Certain software purchases and expenditures for maintenance and repairs are charged to expenses as incurred.

Income taxes

Zippy Shell USA, LLC, Crescent Products USA, LLC, Logistics Finance Services, LLC, Shells4U, LLC, Zippy Shell Storage Operations, LLC, BW Storage Two, LLC/South Bay, BW Storage Two, LLC/Anne Arundel-Howard Counties, ZS PG County, LLC, and Zippy Shell Denver Storage, LLC are considered partnerships per the Internal Revenue Code. In lieu of partnership income taxes, the members of a partnership are taxed on their proportionate share of the partnership's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

Xendra Ventures, Inc. has an operating loss for the current year and the tax implication has not been estimated in these financial statements

The tax years 2010, 2011, and 2012 remain subject to examination by major tax jurisdictions.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred.

Trade accounts receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and our customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

Depreciation of Equipment, Computer and peripherals are provided using the straight line method and amounted to $274,817 for December 31, 2013.

NOTE 4 RELATED PARTY TRANSACTIONS

The Company has computer and equipment rental, network maintenance, training and marketing arrangements with a company wherein a member of the Company has ownership interests. The agreement is on a month to month and as needed basis. During the year 2013, the Company incurred $172,164 in various expenses. The accounts payable includes $15,697 payable to this related company as of December 31, 2013.

The Company has a franchise agreement with Zippy Shell International wherein members of the Company have ownership interests. During the year 2013, the Company has incurred $1,410,889 in various expenses like franchise fees, cartridge license fees and administrative fees to the related party. The accounts payable includes $205,785 payable to this related company as of December 31, 2013.

NOTE 5 LLC TAXES

A provision of $5,502 has been made to cover minimum LLC franchise taxes, penalties and interest for states with such taxes.

NOTE 6 COMMITMENTS

The Company purchases zippy shell trailers, loading beds and cartridges from the international franchisor for resale it to sub-franchisees. During the normal course of business, based on franchisee's requirements, the Company enters into agreements with the international franchisor to purchase those items. As of December 31, 2013 the Company had total purchase commitments for inventory of $251,090.

NOTE 7. MEMBERS CONTRIBUTION

Zippy Shell USA, LLC has 1,450,000 membership units authorized and 1,308,624 issued and outstanding at December 31, 2013. Of the 1,450,000 units 860,000 were granted to the management and officers of Zippy Shell USA, LLC. without obligation to pay.

The liabilities of the members to third parties are to the extent of their capital contributions. No member is obligated to make any additional contribution to the

Company. However, members may advance capital to satisfy the additional capital needs of the Company.

In 2010, 2011 and 2012 the Company issued 107,450 convertible 8% paid in kind membership units convertible at October 1, 2013 at the option of the holder, at par with accrued unpaid guaranteed payments, into common units at $15 per share. At October 1, 2013 all preferred units and accrued unpaid guaranteed payments were converted into 121,698 common units. The net profit is distributed among members in a profit sharing ratio as specified in the operating agreement.

Logistic Finance Services, LLC has 100,000 units authorized of which 76,500 units are issued and outstanding as of December 31, 2013

Shells4U, LLC has 10,000 units authorized of which 10,000 units are issued and outstanding as of December 31, 2013.

EW Storage Two, LLC has 1,000,000 units authorized of which 750,000 units are issued and outstanding as of December 31, 2013.

Zippy Shell Denver Storage, LLC has 1,000,000 units authorized of which 750,000 units are issued and outstanding as of December 31, 2013.

ZS PG County, LLC has 1,250 units authorized of which 1,250 units are issued and outstanding as of December 31, 2013.

Xandra Ventures Inc. has 2,000 shares authorized of which 1,000 shares are issued and outstanding as of December 31, 2013.

NOTE 8 ECONOMIC DEPENDENCIES

The Company's business operations emanates from an exclusive licensing agreement with the licensor of the Zippy Shell System. Though the term of agreement is the later of a) last to expire of the patents and b) eighty years, there are contingencies in the licensing agreement, the occurrence of which would result in early termination of the agreement by the licensor without notice to the licensee. Any material breach of the agreement by either party, if not remedied within 30 days of the breach notice, would also instigate the other party to terminate the licensing agreement immediately. During the year 2013, revenue generation under this agreement accounted for 100% of the revenue reported by the Company.

NOTE 9 NOTES PAYABLE

Notes payable are as follows as of December 31 2013:

Terms	Amount
To StorMark LLC at 7%, amortized over 117 months, unsecured, due 5/1/22	$ 102,440
To StorMark LLC at 7%, amortized over 120 months, unsecured, due 11/1/22	32,494
To Ford Credit at 1.93%, amortized over 72 months, secured by vehicle, due 12/16/18	30,245
To Ford Credit at 5.95%, amortized over 72 months, secured by vehicle, due 12/31/18	28,405
To Ally Credit at 4.05%, amortized over 72 months, secured by vehicle, due 06/13/18	38,265
To TD Auto Finance at 4.10%, amortized over 72 months, secured by vehicle, due 02/19/19	36,879
To De Lage Landen at 8.73%, amortized over 36 months, secured by equipment, due 04/15/16	21,114
To Chrysler Capital at 4.45%, amortized over 72 months, secured by vehicle, due 07/03/19	40,979
To Victory Van at 8.30%, amortized over 36 months, secured by equipment, due 01/15/15	7,456
To various debt holders in Logistics Finance at 10.0%, interest-only over 36 months, unsecured, maturities due various dates in 2016	325,000
Less: current maturities of notes payable	(57,987)
Long term maturities of notes payable	$ 605,291

Five year maturities of notes payable for years ending December 31 are as follows:

Year	Amount
2014	$ 57,987
2015	54,891
2016	375,345
2017	49,451
2018	50,883
Thereafter	74,921
Long term maturities of notes payable	$ 663,278

NOTE 10 OPERATING LEASES

The Company leases warehouse space under non-cancelable operating leases. The leases have varying terms, purchase options, escalation clauses, and renewal rights. Future minimum amounts payable under non-cancellable operating leases for years ended December 31 are as follows:

Year	Amount
2014	$ 344,127
2015	206,778
2016	167,919
2017	172,957
2018	28,967
Thereafter	-
	$ 920,747

Lease expense for the year ended December 31, 2013 was $259,794

NOTE 11 SUBSEQUENT EVENTS

On January 22, 2014, the Company wholly acquired the assets of an existing franchisee in Pennsylvania. The Company will operate the franchise in the territory as Zippy Shell Main Line, LLC.

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through February 14, 2014, the date on which the financial statements were available to be issued.

Zippy Shell USA, LLC and Affiliates
Combined Schedule of Selling, General and Administrative Expenses
For the year ended December 31, 2013

Advertising and promotion	$ 336,207
Amortization	-
Automobile	101,509
Bank charges	23,603
Computer	210,811
Depreciation	274,917
Donations	10,250
Dues & subscriptions	6,649
Equipment rental	8,519
Insurance	97,523
Licenses	46,082
Moving expense	31,710
Office	129,778
Other	22,530
Payroll taxes	69,796
Professional services	259,794
Registration and filing fees	20,726
Rent	262,880
Repairs & Maint	16,954
Salaries	952,328
Telephone	20,545
Travel,Meals & Entertainment	129,887
Utilities	6,627
Total selling, general and administrative expenses	$ 3,030,705

The accompanying notes are an integral part of these financial statements.

Zippy Shell (USA), LLC and Affiliates
Combining Balance Sheet
December 31, 2013

	Zippy Shell USA, LLC	Quickstop Products USA, LLC	Zippy Shell, LLC	ZSSC, LLC DBA South Bay	Lockbox Storage Services, LLC	Bay District Real, LLC/South Bay	Bay District Real, LLC/Alameda County	Zippy Shell, Inc.
ASSETS								
Current assets:								
Cash	$1,536,991	$532,252	$2,943	$1,941	$44,203	$43,631	$150,348	$9,852
Accounts receivable, net of allowance for doubtful accounts	49,710	210,428						
Inventory	-	136,707						
Prepaid expenses	7,500							
Employee advances	24,000							
Total current assets	1,618,201	879,387	2,943	1,941	44,203	43,631	150,348	9,852
Property and equipment:								
Vehicles	-		69,820			88,373	60,831	14,043
Computers and peripherals	1,980		-					
Equipment	1,300		119,240			580,500	523,426	245,481
Less: accumulated depreciation	(1,413)		(21,057)	(3,519)		(72,497)	(63,901)	(87,896)
Total property, equipment and improvements, net	1,867	-	168,983	(3,519)	-	596,376	520,356	171,627
Other assets:								
Investments in non-marketable securities	784,173							
Accounts receivable	88,115				491,564			
Investments	-							
Due from affiliates	3,577,944	221,654	19,857		1,311,231	140,000	131,208	116,780
Security deposits	5,000					3,722	9,625	
Intangibles (net of $34,646 accumulated amortization)	1,442							
Total other assets	4,456,674	221,654	19,857	-	1,802,795	143,722	140,833	116,780
TOTAL ASSETS	$ 7,076,742	$ 1,101,041	$ 191,783	$ (1,578)	$ 1,846,998	$ 783,729	$ 811,537	$ 298,259
LIABILITIES AND MEMBERS' CAPITAL								
Current liabilities:								
Accounts payable and accrued liabilities	$775,703	$596,602	$5,934	$1,343		$21,510	$7,650	$2,903
Current maturities of notes payable	14,654		11,923			6,345	21,656	
Total current liabilities	790,357	596,602	17,857	1,343	-	27,855	29,306	2,903
Other liabilities:								
Franchise fee payable	21,000							
Deposits	-	73,893	802,897		427,370	709,005	577,110	281,300
Notes payable	147,116		72,939		323,000	21,965	77,200	
Total other liabilities	168,116	73,893	875,836	-	750,370	730,970	654,310	281,300
Members' equity:								
Balance at December 31, 2012	4,283,788	5,673	(221,452)	(24,599)	772,544	-	-	-
Adjustment for current year equity purchase	-		110,000		(150,000)			182,453
Member's capital contribution	2,818,125			-	323,000	250,000	375,000	
Dividends	-	-			(175,676)			
Net income (loss) for the year ended December 31, 2013	120,675	532,914	(278,504)	23,078	129,879	(270,227)	(297,689)	(197,445)
Payment on behalf of members / non-controlling interest	-		84,139	-	(1,294,500)	(146,737)	(101,194)	(79,169)
Total members' capital attributable to controlling interest	7,242,588	538,587	(305,833)	(1,521)	(994,754)	(166,964)	(123,883)	(94,161)
Non-controlling interest (deficit) attributable to consolidating entities	-	-	(20,221)	-	1,234,578	139,727	101,114	79,809
TOTAL LIABILITIES AND MEMBERS' CAPITAL	$ 7,977,330	$ 1,107,073	$ 469,433	$ (278)	$ 1,830,194	$ 730,733	$ 659,731	$ 372,555

The accompanying notes are an integral part of these financial statements.

Zippy Shell USA, LLC and Affiliates
Consolidating Balance Sheet
December 31, 2013

	Zippy Shell Owner Rentals, LLC	ZS DG Fourth, LLC	Zippy Shell Warranty Corporation, LLC	Consolidating Entries	Consolidated
ASSETS					
Current assets:					
Cash	$261,374	$363,613	$100		$624,987
Accounts receivable (net of $0 allowance for doubtful accounts)					309,274
Inventory					158,167
Prepaid expenses					7,015
Escrow and deposits	7,849				27,053
Total current assets	269,223	363,613	7,705	$ -	1,367,271
Property and equipment:					
Vehicles					226,364
Computers and peripherals					589
Equipment	49,796	1,493,519		(393,836)	1,149,479
Less: accumulated depreciation		(10,189)		1,588	(44,149)
Net property and equipment	49,796	1,483,330	-	(392,248)	1,132,878
Other assets:					
Notes receivable, less reserve					281,175
Escrow receivable					337,979
Investments			18,372		18,372
Due from affiliates	254,040	138,140	1,154,221	(1,546,401)	-
Security deposits	8,201				26,376
Intangibles (net of $20,000 accum. amortization)					3,447
Total other assets	262,241	138,140	1,172,593	(1,546,401)	667,349
TOTAL ASSETS	$ 581,260	$ 987,084	$ 1,172,794	$ (1,938,649)	$ 3,063,498
LIABILITIES AND MEMBERS' CAPITAL					
Current liabilities:					
Accounts payable and accrued liabilities		97,921			$925,414
Current maturities of notes payable					27,887
Total current liabilities	-	97,921	-	-	953,301
Other liabilities:					
Financing fee payable					41,474
Due to affiliates	227,872	250,000	1,172,794	(1,650,666)	-
Notes payable					805,251
Total other liabilities	227,872	250,000	1,172,794	(1,650,666)	846,725
Members' capital:					
Balance at December 31, 2012	-			(61,272)	1,714,784
Acquisition of ZS current year activity net loss				(153,756)	30,601
Members' capital contributions	269,500	600,000			3,634,625
Distributions					(129,671)
Net income (loss) for the year ended December 31, 2013	(564)	(30,837)	(400)	(105,291)	(742,096)
Members' capital attributable to controlling interest	(87,963)	(33,644)	-	-	(1,231,963)
Total members' capital attributable to controlling interest	181,033	(33,837)	(400)	(319,319)	2,451,963
Members' capital attributable to non-controlling interests	172,355	46,344	-	-	2,231,931
TOTAL LIABILITIES AND MEMBERS' CAPITAL	$ 581,260	$ 987,084	$ 1,172,794	$ (1,938,649)	$ 3,063,498

The accompanying notes are an integral part of these financial statements.

Zippy Shell USA, LLC and Affiliates
Combining Income Statement
For the year ended December 31, 2013

	Zippy Shell USA, LLC	Creation Properties USA, LLC	Shurtape, LLC	ZSSD, LLC DBA SSDD, Inc	Logistics Finance Services, LLC	RW Storage Two, LLC/Stonehaven	RW Storage Two, LLC/AAA Howard County	Kendal Ventures, Inc.
Revenues								
Franchise	$ 2,507,212				$ 1,750			
Company operated franchisees			282,232	108,834		168,231	46,731	40,751
Product sales		4,193,456						
Total Revenues	2,507,212	4,193,456	282,232	108,834	1,750	168,231	46,731	40,751
Cost of goods sold								
Franchise	881,679							
Company operated franchisees			14,724	45,475		10,675	7,486	3,062
Product sales		3,314,121						
Total Cost of goods sold	881,679	3,314,121	14,724	45,475	-	10,675	7,486	3,062
Gross profit	1,625,533	879,335	267,508	63,359	1,750	157,556	39,245	37,689
Selling, general and administrative expenses	1,805,695	(681)	438,070	29,656	6,450	368,805	251,102	136,853
Income (loss) from operations	(180,838)	879,114	(720,521)	33,803	(4,700)	(212,249)	(211,857)	(99,164)
Interest income	25,036				150,795			
Interest expense	(9,356)	(44,401)	(58,282)	(725)	(20,225)	(18,278)	(14,636)	(6,231)
Total interest income (net expense)	15,680	(44,401)	(58,282)	(725)	130,570	(18,278)	(14,636)	(6,231)
Net income (loss) before income tax expense	(165,158)	834,713	(778,803)	33,078	125,870	(230,527)	(226,493)	(105,395)
Income tax expense	3,300							
Net income (loss)	(168,458)	834,713	(778,803)	33,078	125,870	(230,527)	(226,493)	(105,395)
Net income (loss) attributable to noncontrolling interest	-	-	(181,226)	-	119,576	(115,263)	(113,246)	(52,848)
Net income (loss) attributable to controlling interest	$ (168,458)	$ 834,713	$ (97,577)	$ 33,078	$ 6,294	$ (115,264)	$ (113,247)	$ (52,737)

The accompanying notes are an integral part of these financial statements.

Zippy Shell USA, LLC and Affiliates
Combining Income Statement
For the year ended December 31, 2013

	Zippy Shell Denver Storage LLC	ZS RG County LLC	Zippy Shell Storage Operations LLC	Combining Entries	Combined
Revenues					
Franchisor				$ (660,625)	$ 1,898,134
Company operated franchisees		13,691		(100,011)	547,913
Product sales				(1,712,628)	2,477,726
Total Revenues	-	13,691	-	(2,507,067)	4,923,773
Cost of goods sold					
Franchisor					661,675
Company operated franchisees		953			82,375
Product sales				(1,435,888)	1,908,233
Total Cost of goods sold	-	953	-	(1,435,888)	2,652,287
Gross profit	-	14,738	-	(1,071,176)	2,271,465
Selling, general and administrated expenses	660	84,960	400	(134,892)	3,038,788
Income (loss) from operations	(660)	(70,222)	(400)	(936,281)	(767,299)
Interest income				(115,280)	60,610
Interest expense		(15)		115,280	(29,819)
Total interest income (expense)		(15)	-	-	30,791
Net income (loss) before income tax expense	(660)	(70,237)	(400)	(936,281)	(736,508)
Income tax expense					5,502
Net income (loss)	(660)	(70,237)	(400)	(936,281)	(742,010)
Net income (loss) attributable to noncontrolling interest	(435)	(45,356)	-	-	(390,260)
Net income (loss) attributable to controlling interest	$ (225)	$ (33,031)	$ (400)	$ (936,281)	$ (351,750)

The accompanying notes are an integral part of these financial statements

EXHIBIT D

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EXHIBIT E

MULTI-STATE ADDENDA

Explanatory Notes.

1. The following state disclosure addenda provide additional information in regard to franchise activities that are subject to the franchise laws of the particular state identified. For instance, if our offer or sale to you of a franchise is subject to the California franchise law, the California state disclosure addendum would be applicable to you, but if our offer or sale to you of a franchise were not subject to the California franchise law, the California state disclosure addendum would not be applicable to you.

CALIFORNIA ADDENDUM

The following applies to prospective franchisees to whom the California Franchise Investment Act applies:

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

2. California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

3. Neither we, 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 this association or exchange.

4. California Corporations Code, Section 31125, requires us to give you a disclosure document, before a solicitation of a proposed material modification of an existing franchise.

5. 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.).

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

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

8. The Franchise Agreement contains a liquidated damages clause. Under Civil Code, Section 1671, certain liquidated damage clauses are enforceable.

9. The Franchise Agreement requires you to execute a general release of claims upon renewal of the Franchise Agreement. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). California Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professionals Code Sections 2000-20043).

10. The following URL address is for Franchise's Website: www.zippyshell.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 OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

11. The franchise agreement requires binding arbitration. This arbitration will occur in the District of Columbia, with costs being borne initially by the party filing the arbitration with the arbitrators having the discretion to award costs to the prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE HAWAII FRANCHISE INVESTMENT LAW

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) 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. THE CONTRACT OF AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE SUB-FRANCHISOR.

1. A. This registration is on file or will shortly be on file in the States of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Rhode Island, Virginia, Washington, and Wisconsin.

   B. The registration is not exempt from the registration requirements of any states.

   C. No states have refused, by order of otherwise, to register these franchises.

   D. No states have revoked or suspended the right to offer these franchises.

   E. The proposed registration of these franchises has not been withdrawn in any state.

2. No release language set forth in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE ILLINOIS FRANCHISE DICSLOSURE ACT

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Illinois:

1. The Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), applies to this transaction and supersedes any conflicting provisions of the Franchise Agreement.

2. The following disclosure is added to the cover page of the disclosure document:

   The total investment necessary to begin operation of a Zippy Shell® franchised business is between $505,485 to $891,200 for one territory. This includes in the total investment necessary to begin operation of a Zippy Shell® franchised business.

3. Any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void, provided that a franchise agreement may provide for arbitration in a forum outside of Illinois.

4. Any Provision of This Agreement that contains statute of limitation shall be subject to Illinois Law, Periods of Limitations, 815 ILCS 705/27.

5. Illinois law may affect the conditions under which we may terminate this Agreement, 815 ILCS 705/19. Illinois law may affect your rights upon non-renewal, 815 ILCS 705/19. Illinois law supersedes any conflicting provision in the Franchise Agreement.

INDIANA ADDENDUM

(Applies only to Indiana franchisees)

Indiana law prohibits requiring you to prospectively agree to a release or waiver which purports to relieve any person from liability imposed by the Indiana Franchise Practices Act (IC 23-2-2.7(5)). The Franchise Agreement shall be deemed amended to the extent necessary to comply with IC 23-2-2.7(5).

Indiana law limits the parties agreement to resolve disputes in any jurisdiction outside of Indiana (IC 23-2-2.7(10). Subject to the Federal Arbitration Act, the Franchise Agreement shall be deemed amended and the forum for any court proceedings shall be in Indiana.

ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

The following provisions supersede the Disclosure Document and apply to all licenses or franchises offered and sold in the State of Maryland:

1. Any provision in the Disclosure Document of the Franchise Agreement to the contrary, a licensee may bring a lawsuit in Maryland against us for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document states that the Franchise Agreement will automatically terminate upon the bankruptcy of franchisee. This provision may not be enforceable under current Federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. Items 17c and 17m of the Disclosure Document and Sections 15 and 16.1 of the Franchise Agreement are revised to provide that we cannot, as a condition to renewal or consent to assignment, require you to release any claims under the Maryland Franchise Registration and Disclosure Law.

4. Any provision in Item 17 of the Disclosure Document of in Sections 15 and 16 of the Franchise Agreement to the contrary, any claims arising under the Maryland franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

6. The general release required as a condition of the renewal of the Zippy Shell Franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA ADDENDUM
(Applies only to Minnesota franchisees)

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce 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.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. §80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that we give you 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement.

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name, to the extent required by Minn. Stat. §80C.12, Subd. 1(g).

To the extent governed by Minn. Rule 2860.4400J, you shall not be deemed to have waived any rights under Minnesota law. You shall not be deemed to have consented to us obtaining injunctive relief, although we may seek injunctive relief. A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief.

You are not required to agree to any general release as a condition for approval of any assignment, transfer or renewal of this Agreement.

NEW YORK ADDENDUM

(Applies only to New York franchisees)

Item 3 is amended to read as follows:

Neither We nor any person identified in Item 2 above have any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against us alleging a violation of any franchise law, antitrust or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither We nor any person identified in Item 2 above have been convicted of a felony or pleaded nolo contendere to any felony charge or during the 10 year period immediately preceding the date of this offering circular, been convicted of or pleaded nolo contendere to a misdemeanor charge been held liable in any other civil action by final judgment or been the subject of any other material complaint or other legal proceeding where such felony, misdemeanor civil action, complaint or other legal proceeding involved violation of any franchise law, antifraud or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither we nor any person identified in Item 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, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange as defined by the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department.

Item 4 is amended to read as follows:

During the 10 year period immediately preceding the date of the offering circular neither We nor any predecessor, affiliate, current officer or general partner of Us has been the subject of a bankruptcy proceeding, been adjudged bankrupt or reorganized due to insolvency or been a principal officer of a company or a general partner of a partnership at or within one year of the time that such company or partnership became the subject of a bankruptcy proceeding or was adjudged bankrupt or reorganized due to insolvency or is subject to any such pending bankruptcy or reorganization proceeding

Item 5 is amended by adding the following: We will use the Initial Fee for the purposes of covering the costs of selling the franchise and other franchises, for your initial training, for general overhead and for profit.

Item 12 is amended by adding the following: Although We will consider many factors in determining the boundaries of your Marketing Area, it will contain a population of not less than 25,000 people.

Item 17 is amended by changing the caption and preliminary statement to read as follows:

Item 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION,

TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS OFFERING CIRCULAR.

Item 17 D is amended by adding the following: You may terminate the agreement on any grounds available by law.

Item 17 J is amended by adding the following: We will only assign to an assignee who in Our good faith judgment is willing and able to assume Our obligations.

NORTH DAKOTA ADDENDUM

(Applies only to North Dakota franchisees)

The following information applies to prospective franchisees to whom the North Dakota Franchise Investment Law applies:

1. Notwithstanding any provisions in the Franchise Agreement to the contrary, Franchisor will not engage in any actions with North Dakota franchisees that are designated under the North Dakota Franchise Investment Law or the regulations issued thereunder as unfair, unjust or inequitable to franchisees.

2. The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06 (which is described below) without further disclosing that such covenants will be subject to the statute.
B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
E. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
F. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
H. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
J. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. NDCC Section 9-08-06 provides as follows:

9-08-06. In restraint of business void - Exceptions.

Every contract by which anyone is restrained from exercising a lawful profession, trade, or business of any kind is to that extent void, except:

1. One who sells the goodwill of a business may agree with the buyer to refrain from carrying on a similar business within a specified county, city, or a part of either, so long as the buyer or any person deriving title to the goodwill from the buyer carries on a like business therein.

2. Partners, upon or in anticipation of a dissolution of the partnership, may agree that all or any number of them will not carry on a similar business within the same city where the partnership business has been transacted, or within a specified part thereof.

VIRGINIA ADDENDUM

(Applies only to Virginia franchisees)

Item 17 of the disclosure document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

WASHINGTON ADDENDUM

(Applies only to Washington franchisees)

This Washington Addendum also operates as an addendum to the Franchise Agreement.

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. The last paragraph of Item 5 of the disclosure document is deleted in its entirety and replaced with the following:

> We may change the price of Zippy Shell® Units and Cartridges and the Loading Bed as our cost to purchase the equipment from third party suppliers changes. While there is no limit to what these cost changes may or may not be, they are solely related to and specifically tied to any changes in our costs that we pay to the manufacturers directly or our approved suppliers.

4. The second and third paragraphs of Item 12 of the disclosure document are deleted in their entirety and replaced with the following:

> Within your Territory we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar Marks or service Marks. We have the right to open, acquire and continue to operate (directly or through an affiliate), and grant to others the right to operate, competitive businesses similar to a Zippy Shell® Business, wherever located, however using different and not similar Marks, service marks or trade dress. (Franchise Agreement, Section 2.4.)
>
> We reserve the right to: (a) operate and grant to others the right to operate Zippy Shell® Businesses at locations outside of your Territory on such terms and conditions as we deem appropriate; (b) sell any products, equipment and services under the Marks or under any other trademarks, services marks or trade dress, through other channels of distribution (within or outside your Territory); (c) operate, and grant others the right to operate, businesses identified by different and not similar Marks, service Marks or trade dress; (d) operate, and grant to others the right to operate, facilities or businesses under the Zippy Shell System in your Territory if you do not operate in your Territory or if you are in material breach of this Agreement; (e) operate, and grant to others the right to operate, the ZipMove program at such locations and on such terms and conditions as we deem appropriate inside of your Territory, if you elect not to participate or otherwise do not qualify as determined by us in the ZipMove program, and (f) do anything that is not expressly and exclusively granted to you under the Franchise Agreement.

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

6. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

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

The undersigned does hereby acknowledge receipt of this addendum. This addendum may also be used as a rider to the disclosure document.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below.

Dated: _____ [effective date]	Date signed:_____
FRANCHISOR:	FRANCHISEE:
Zippy Shell Incorporated	_____
By: _____	By: _____ Franchisee
Address:_____	Address:_____

EXHIBIT F
LIST OF FRANCHISEES AND FRANCHISEES THAT HAVE LEFT FRANCHISOR'S SYSTEM DURING THE LAST FISCAL YEAR

Zippy Shell Incorporated – Active Franchisees

As of December 31, ~~2015~~2016

ALABAMA	
Jarrod and Jacqui Hart Birmingham Mobile, Inc. Zippy Shell Greater Birmingham 1507 Wellington Road Birmingham, AL 35209 (205) 542-5950	John Pearson Tensaw Investment Group, LLC 5235 Kooiman Road Building 13 Theodore, AL 36582 (251) 270-0934
ARIZONA	
Kathryn and Berekk Blackwell Simple Storage Solutions, LLC 1510 E. Bell Road Phoenix, AZ 85022 (480) 494-2355	
CALIFORNIA	
Don Lee DL Capital LLC/Zippy Bay Area 308 Pheasant Run Drive Danville, CA 94506 (925) 736-8869	Robert Gibney Zippy Shell San Diego County 1577 Greenacres Rd. Fallbrook, CA 92028 (619)-818-7895
Kevin and Susan Lillestol LMG Storage, LLC 8507 Ramsgate Avenue Los Angeles, CA 90045 (310) 954-1099~~Rick Del Sontro~~ ~~BW Storage Two LLC dba South Bay~~ ~~2230 Davis Court~~ ~~Hayward, CA 94545~~ ~~(202) 999-4740~~	Rick Del Sontro Zippy Shell Storage Operations 2400 S. Garnsey Street Santa Ana, CA 92707 ~~Kevin and Susan Lillestol~~ ~~LMG Storage, LLC~~ ~~8507 Ramsgate Avenue~~ ~~Los Angeles, CA 90045~~ ~~(310) 954-1099~~
~~Rick Del Sontro~~ ~~Zippy Shell Storage Operations~~ ~~2400 S. Garnsey Street~~ ~~Santa Ana, CA 92707~~	
COLORADO	
Scott Claymon 72 Inverness Lane East Englewood, CO 80112 (303) 357-2546	Robert Cone Cone Storage, Inc. 4130 Red Rock Drive Larkspur, CO 80118 (719) 694-6106
Scott Gibler Ponderosa Mobile Storage LLC 5850 Horseshoe Trail Sedalia, CO 80135 (303) 898-3023	
CONNECTICUT	
John Posimato	

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DNK Westchester Moving and Storage, INC. 300 Executive Blvd. Elmsford, NY 10533 (914) 363-0931	
DISTRICT OF COLUMBIA	
Zippy Shell Storage Operations LLC – DC/MD 700 Evelyn Avenue Linthicum, MD 21090 (202) 999-4740	
FLORIDA	
Josh Scheid Robert Scheid Storage Strategies, LLC 225 Pineda St Unit #127 Longwood, FL 32750 (407) 467-1178 Josh	Robert Williams/Terry Larson Sodak Enterprises LLC ~~DBA Zippy Shell of SW Florida~~ ~~Robert Williams/Terry Larson~~ 70 Emerald Woods, Apt K-1 Naples, FL 34104 (239) 205-8432
Joe Bowers KUNU Enterprises, LLC 6419 Philips Highway Jacksonville, FL 32216	
GEORGIA	
David Thurston Tilden Greater Atlanta, LLC 1639 Mifflin Place NE Atlanta, GA 30168 (404)-314-0099	
IDAHO	
Wade Larson and Russ Meyer 7 O'Clock, LLC 125 W Taylor Avenue, Suite 300 Meridian, ID 83642 (208) 261-2557	
ILLINOIS	
Rick Del Sontro Zippy Shell Storage Operations, LLC 100 Overland Dr. N. Aurora, IL 60542 (855) 947-7966	Rick Del Sontro Zippy Shell Storage Operations 4300 W. Lake Street #2 Chicago, IL 60025 (855) 947-7966
KENTUCKY	
Kron Ridge Investments, LLC Chip Ridge/Jason Kron 69 Warrior Road Louisville, KY 40207 (502)-417-5123	
IOWA	
Todd Sharp Kickstart Investments, LLC 6242 NE Industry Drive Des Moines, IA 50313 (515)-276-6674	
~~Jim and Brenda Ronchetto~~ ~~JRRon, Inc~~	

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~~1724 Chadwicke Circle~~ ~~Naperville, IL 60540~~ ~~(708) 990-2586~~	
MARYLAND	
Rich Perry AA/Howard 7247 National Drive Hanover, MD 21076 (443) 776-3079	Zippy Shell Storage Operations LLC – DC/MD 700 Evelyn Avenue Linthicum, MD 21090 (202) 999-4740
MICHIGAN	
Brian and Deanna Sinnott Western Michigan Zippy Shell, LLC 200 North Franklin Street Zeeland, MI 49464 (616) 298-8494	
MINNESOTA	
Jon Skyberg Skyberg Enterprises, Inc. 305 Bridgepoint Drive Suite 100 South St. Paul, MN 55075 (612) 564-4863	
NEVADA	
James Schrecengost and Brian Linsey Sin City BJ, LLC 724 Step Beach street Las Vegas, Nevada 89138 (702) 418-3321	
NEW JERSEY	
Stephen Fischbach Wayne Portable Storage Concepts 65 Columbus Ave. Totowa, NJ 07512 (973) 572-5707	
NEW YORK	
Ed Volini ZSLI, LLC 33 Pine Ridge Dr Smithtown, NY 11787 (631) 524-5451	Philip Kim PYK, LLC 223 Verona Avenue Neward, NJ 07102 (646) 560-3255
John Posimato DNK Westchester Moving and Storage, LLC 300 Executive Blvd. Elmsford, NY 10533 (914)-447-0931	
NORTH CAROLINA	
Rick Del Sontro Zippy Shell Storage Operations, LLC 2522 Tri-center blvd. Durham, NC 27713	Mike and Cathy Osmera Charlotte Mobile Storage, LLC 10501 Dairy Ct. Charlotte, NC 28277

(919) 360-9225	(704) 323-4061
~~Rick Del Sontro~~ ~~Zippy Shell Storage Operations, LLC~~ ~~2522 Tri-Center Blvd.~~ ~~Durham, NC 27713~~ ~~(919) 360-9225~~	
OHIO	
David Rothman 4231 Leap Rd. Suite J Hilliard, OH 43026 (614) 915-0801	Aaron Bankhurst Bankhurst Industries, LLC 34150 Lakeview Drive Solon, OH 44139 (216)-272-5775
OREGON	
Brian Poggi BLP and Company, LLC 1968 Glenmorrie Lane Lake Oswego, OR 97034 (503)-319-0644	
PENNSYLVANIA	
Walter and Donna Yext Zippy Shell Lehigh Valley 2830 Brentwood Dr Coopersburg, PA 18036 (610) 297-5077	Rick Del Sontro Zippy Shell Storage Operations – Main Line 1153 Main Street Linfield, PA 19468 (202) 999-4740
SOUTH CAROLINA	
Bart Duncan Upstate Mobile Storage and Moving 140 Oak Hill Drive Greenville, SC 29617 (864) 422-6157	
~~SOUTH CAROLINA~~	
~~Bart Duncan~~ ~~Upstate Mobile Storage and Moving~~ ~~140 Oak Hill Drive~~ ~~Greenville, SC 29617~~ ~~(864) 422-6157~~	
TENNESSEE	
Rick Del Sontro Zippy Shell Storage Operations - Nashville 406 Peacock Ave. Murfreesboro, TN 37129 (202) 999-4740	
TEXAS	
Alex Hodges Inchoation, Inc. 12315 Terrace Cove Lane Cypress, Texas 77433 (832) 987-2213	Harry and Lisa Briers Mobile Storage of Texas, LLC 1225 W Loop North Houston, TX 77055 (713) 747-0505
Tim and JoAnne Scalf HLA, LLC	Charles Bamford Hobsonn Enterprises, LLC

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880 Avenue F Plano, TX 75002 (469) 955-8686	2158 Encino Loop San Antonio, TX 78295 (210) 764-6282
Sean and Erin Avery Avery Row Portable Moving and Storage, LP 601 W. Mockingbird Lane Dallas, TX 75247 (817) 717-4125	
UTAH	
Marcus Flinders LHU Moving and Storage, LTD. 1192 E. Draper Pkwy Suite 437 Draper, UT 84020 (720)-544-1352	
VIRGINIA	
William Shannon Rubicon, LLC 2768 Towerview Road Herndon, VA 20171 (703) 216-8300	
WASHINGTON	
Berekk Blackwell Seattle Storage Solutions, LLC 15990 N. Greenway Hayden Loop STE D-190 Scottsdale, AZ 85260 (206)-456-2880	
WISCONSIN	
Richard and Denise Nierzwicki R & D Logistics 101 James Street Wales, WI 53183 (262) 349-1601	

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Zippy Shell Incorporated – Franchisees that have left the System
As of December 31, ~~2015~~2016

CALIFORNIA	
Steven and Kobi Enochian BBD Enterprises 5455 Blackhawk Drive Danville, CA 94506 (916) 536-1109	~~Danville, CA 94506~~Rick Del Sontro ~~(916) 536-1109~~ Zippy Shell Storage Operations 3525 Arden Road Hayward, CA 94545 (650)-235-4752
GEORGIA	
John Krysak Peter Martinelli NetMove, LLC Norcross, GA 30071 1-866-470-7237	
ILLINOIS	
Jim and Brenda Ronchetto JRRon, Inc 1724 Chadwicke Circle Naperville, IL 60540 (708) 990-2586	
LOUISANA	
Andrew Guillory Mobile Storage Acadiana, LLC 103 Billingford Drive Lafayette, LA 70508 (337) 347-5885	
NORTH CAROLINA	
Coastal Carolina Moving & Storage, LLC Patrick Alderson 410 S. Shore Dr. Surf City, NC 28445 (919) 795-0543	
OHIO	
Dan and Wendy Stuart Stuart Mobile Storage Inc. Zippy Shell Greater West Cleveland 24533 Annie Lane Westlake, OH 44145 (440) 781-5228	
WASHINGTON	
DJ Johnson Tribu, LLC 15526 29th Avenue SE Mill Creek, WA 98012 (425) 440-0523	

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EXHIBIT G

GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE is entered into as of _____, 20____ (the "Effective Date"), by and between Zippy Shell Incorporated ("Franchisor") and _____. ("Franchisee") (each "Party," and collectively the "Parties").

In consideration of the mutual promises set forth herein and intending to be legally bound, the Parties hereby agree as follows:

1. **Limited Waiver of Claims.** Franchisee hereby expressly releases, remises, acquits and discharges Franchisor, as well as Franchisor's predecessors, successors, parents, subsidiaries, affiliates, assigns and each of their respective officers, directors, employees and agents (respectively, the "Affiliates") from and forever waives and relinquishes, any and all claims, counterclaims, rights, setoffs, suits, damages (including, but not limited to, compensatory damages, tort damages, contract damages and punitive damages) demands, obligations, warranties, covenants, debts and causes of action of every nature, character and description, known and unknown, vested or contingent (collectively "Claims) Franchisee, individually or collectively, has or may have against Franchisor, as applicable, including, but not limited to, all Claims relating in any manner to, or otherwise resulting from, or arising out of: (i) the relationship between the Franchisor and Franchisee prior to the execution of the Franchise Agreement entered into between the Parties, including any Addenda; (ii) the Franchise Agreement entered into between the Parties, including any Addenda; and/or (iii) any other agreements (including other franchise agreements) by and between the Parties.

THE SIGNATORIES BELOW REPRESENT THAT THEY ARE AUTHORIZED TO EXECUTE THIS DOCUMENT.

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____

FRANCHISOR

ZIPPY SHELL INCORPORATED

By: _____
Name: _____
Title: _____

EXHIBIT H
ZIPMOVE LETTER OF UNDERSTANDING

ZIPPY SHELL INCORPORATED STANDARD OPERATING PROCEDURES – MOVING V. 1.0

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INTRODUCTION

These Standard Operating Procedures (hereby known as "SOP") outline the specific services, policies and procedures associated with the Zippy Shell move program. This SOP is intended to supplement all policies documented in the Zippy Shell Operations manual. All move services provided by Franchise or Corporate Partner (hereby known as "Location") must conform to the standard Zippy Shell safety guidelines, rules, policies and procedures as outlined in the Zippy Shell Operations manual. Additionally, all vehicles, trailers, other branded items and equipment must conform to the Zippy Shell Brand Standards. Zippy Shell reserves the right to change or adjust any of these policies and procedures from time to time and will promptly release notices outlining any modifications of additions.

All Locations are responsible for any additionally required local, state and federal licenses required to perform these services

TYPES OF MOVING SERVICES, POLICIES AND PROCEDURES

Each Location will provide the following moving services:

1. Terminal to Terminal
2. Self-Load and Unload
3. Economy Moving Services
4. Packing Services
5. Corporate Relocation
6. Line Haul and Destination Services

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All work orders will outline the services that need to be provided.

TERMINAL TO TERMINAL

Description: Locations are responsible for staging a customer's container in an easily accessible and safe location at the origin or destination warehouse. This service is limited to one (1) container.

The Logistics Team, confirming with the Location and with cooperation from the customer, will schedule a three (3) hour window to allow for loading/unloading of the customers' container. All scheduling will be handled the Logistics Team.

Policies:

1. Locations must provide customer with one (1) lock
2. Locations will be required to allow a maximum of three (3) hours for the consumer to load/unload their items into their container
3. If the consumer exceeds or requests additional hours than what is allotted, Locations may charge the customer the service fees as outlined in the Compensation Schedule below. Locations are under no obligation to allow for additional loading/unloading hours to the customer beyond the allotted time.
4. If customer is late for their scheduled appointment, or has potential to miss their scheduled appointment, Locations will contact the Logistics Team.
5. Please see compensation, fee schedule for any additional fees to account for a missed or late appointment by customer.
6. No additional services or supplies are required nor should be supplied by the Location as these items are the sole responsibility of the customer
7. Locations will be responsible for all liability associated with the customer while they are accessing their container.

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SELF LOADING/UNLOADING

Description: Container(s) are dropped off at a customers' residence for a minimum of three (3) hours and up to three (3) calendar days for self-loading/unloading. Customer will be responsible for all materials and labor associated with loading/unloading.

Policies:

1. Locations must provide customer one (1) lock per container
2. Locations will be required to provide to the Coordination Team a four (4) hour delivery time slot within one (1) business day of the scheduled delivery.
3. Day of Delivery
    a. Drop off and pick up procedures are to conform to standard Zippy Shell safety guidelines, rules, policies and procedures as outlined in the Zippy Shell Operations Manual.
4. Locations will be required to confirm directly with the customer the day before delivery in regards to the following:
    a. Delivery time window
    b. Customer name and delivery address
    c. Service type to be provided
    d. Contact number
5. Service Offerings
    a. Two (2) service offerings are provided:
        i. "Stay and Wait": Service is a three-hour maximum delivery and pick up. The Locations driver may be permitted to drop off the container, but must return within a three-hour timeframe to pick up said container. This may be requested by the customer to accommodate parking restrictions, storage facility restrictions, or loading dock/condo restrictions, and will be booked at the discretion of the Coordination Team.
        ii. Up to three (3) calendar days' drop-off: Container(s) will be left on site for the allotted time and will be booked at the discretion of the Coordination Team
6. Service Radius and Offering
    a. Within fifty (50) miles Locations will provide the following
        i. "Stay and Wait"
        ii. Up to three (3) calendar days drop off
7. Outside of fifty (50) miles franchisee will provide the following:
        i. "Stay and Wait"
        ii. With prior consent from the Location, up to three (3) calendar days drop off
8. Additional Mileage fees:
    a. Any additional mileage fees, outlined in the Compensation Schedule below, will be added when applicable
9. The Sales and Coordination Teams will be responsible for booking the customers under the above guidelines

ECONOMY LOADING AND UNLOADING

Description: Loading/unloading services are provided as an add-on, whereby Zippy Shell provides the customer with a maximum of two (2) men for three (3) hours per container for loading/unloading services. In markets where we utilize third party move partners exclusively, the loading/unloading service is mandatory.

Policies:

1. Locations must provide customer one (1) lock per container
2. Locations will be required to provide to the Coordination Team a four (4) hour delivery time slot within one (1) business day of the scheduled delivery.
3. Booking of Services
    a. The Sales and Coordination teams will book all loading and unloading services directly with Locations per the standard Zippy Shell booking policies and procedures
4. Day of Delivery
    a. Drop off and pick up procedures are to conform to standard Zippy Shell safety guidelines, rules, policies and procedures as outlined in the Zippy Shell Operations Manual.
    b. Locations will be required to provide to the Coordination Team a three (3) hour delivery time slot within one (1) business day of the move.
    c. Locations are required to confirm directly with the customer the day of delivery in regards to the following:

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i. Delivery time window
ii. Customer name and delivery address
iii. Service type to be provided
iv. Contact number

5. Service Offerings
   a. Loading: Locations are responsible for providing loading assistance which consists of two (2) men for a maximum of three (3) hours, excluding travel time.
   b. Unloading: Locations are responsible for providing unloading assistance which consists of two (2) men for a maximum of three (3) hours, excluding travel time
6. Loading Materials and Standards
   a. Materials – minimum twenty-five (25) two (2) or three (3)-ply paper pads and stretch wrap per container to cover pads.
   b. Customer is required to pack and protect all goods
      i. Additional packing materials may be offered at the discretion and facilitation of the Location. For a complete list of packing supply options, please visit www.simplestorageboxes.com
7. Unloading Standards
   a. Items are to be unloaded from the container and placed in the appropriate areas designated by the customer
   b. Unpacking of boxes, unwrapping of furniture, removal of debris/supplies and or reassembly of furniture, amongst other items, are all considered additional services and need to be documented on the Completion of Work and Additional Services form outlined below
   c. If damage to a customer's items is discovered during the unloading process; reference the General Policies – Claims section of this SOP
8. Standard and Additional Services
   a. Any services requested by the customer and not documented on the original work order must be documented on the Completion of Work and Additional Services Form and emailed to confirmations@zippyshell.com. The Coordination Team will charge the customer and add that service to the Location delivery payment.
   b. All standard services are defined and documented. These standard services will be collected by the Coordination Team after the Form is signed and returned to confirmations@zippyshell.com
   c. Locations, at their sole discretion, may opt to perform services that are not considered Standard Services outlined in this SOP and may collect payment directly from the customer at the time of delivery.
9. Use of Subcontractors
   a. Subcontractors may be used for all labor services
   b. Subcontractors must be fully licensed, appropriately insured and should have a fully executed subcontractor agreement with the Location. Please reach out to the Logistics Team for assistance.
   c. Any damage to customer goods remain the sole responsibility of the Location

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PACKING SERVICES

Description: This services is provided as an add-on, whereby Zippy Shell provides the customer with additional labor assistance outside or in addition to loading assistance. Coordination and quoting is the sole responsibility of the Location and all information must be communicated to the applicable Coordination Team in a timely manner. For pricing, please reference the Compensation Schedule below.

1. Service Offerings
   a. Prepping of move customer designated items
   b. Wrapping of move customer designated items
   c. Packing of move customer designated items
2. Materials and Standards
   a. Materials - minimum twenty-five (25) two (2) or three (3)-ply paper pads, stretch wrap to cover pads and fifty (50) feet of nylon rope per container
   b. All other materials will be determined at the discretion of either the Location or the applicable Coordination Team
   c. For a complete list of material options, please visit www.simplestorageboxes.com
3. Standard and Additional Services
   a. Any services requested by the customer and not documented on the original work order must be documented on the Completion of Work and Additional Services Form and sent to the applicable Coordination Team. That Coordination Team will charge the customer and add that service to the Location delivery payment.
   b. All standard services are defined and documented. These standard services will be collected by the applicable Coordination Team after the Form is signed and returned.

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c. Locations, at their sole discretion, may opt to perform services that are not considered Standard Services outlined in this SOP and may collect payment directly from the customer at the time of delivery.

4. Use of Subcontractors
   a. Subcontractors may be used for all packing services
   d. Subcontractors must be fully licensed, appropriately insured and should have a fully executed subcontractor agreement with the Location. Please reach out to the Logistics Team for assistance.
   b. Any damage to move customer goods remain the sole responsibility of the Location

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CORPORATE RELOCATION

Description: Each Location will provide the following moving services:

1. Tier One - Self-Load and Unload
2. Tier Two - Economy Moving Services
3. Tier Three - Economy Moving and Packing Services

Policies

Booking of Services

1. Relocation Coordinator will reach out to the Location to establish a tentative delivery date and services to be completed for the move customer (hereby known as: "Transferee")
2. Once a tentative date is agreed upon, Location must hold that date for the Transferee until confirmed by the Relocation Coordinator
3. Once the tentative date is approved, Relocation Coordinator will confirm the services
4. On the confirmed delivery date, Location driver must contact the Transferee to confirm arrival as they depart from the warehouse.
5. Once on site, Location and their team must perform all services that have been previously communicated and agreed upon
6. When all services are completed, Location must reach out to Relocation Coordinator to confirm that all services have been properly executed
7. In the event that additional services not previously approved are needed, Location must temporarily suspend work and contact the Relocation Coordinator for approval. In the circumstance that a Location cannot get in contact with the Relocation Coordinator, those additional services must be rendered and an email must be sent to relo@zippyshell.com while at the Transferee's residence. In either event the Completion of Work and Additional Services Form must be completed within twenty-four (24) hours and returned to the Relocation Coordinator.

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Communication

1. All communication for Transferees aside from delivery day Location driver communication will go through the Relocation Coordinator. The Location will communicate with the Relocation Coordinator and not the Transferee
2. The Relocation Coordinator will also serve as the contact for the Locations drivers and labor providers. Please make sure all contact information given is accurate

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Claims

1. If a Transferee expresses serious concerns or wants to report damaged belongings, they are to be directed to the Relocation Coordinator for further investigation
2. Send all information and images (if applicable) to relo@zippyshell.com

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Service Offering by Move Type

Self-Load and Unload

1. Locations will be required to provide to the Coordination Team a four (4) hour delivery time slot within one (1) business day of the scheduled delivery.
2. Based on the origin location, the Transferee will be allotted up to three (3) calendar days to properly load the container(s)
3. No wrapping of furniture, paper pads or blankets or any other material are included. It is the responsibility of the Transferee to provide these products and services.

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4. Supply one (1) lock per container
5. Based on the destination location, the Transferee will be allotted one to three (3) days to properly unload the container(s)

Economy

Origin

1. Locations will be required to provide to the Coordination Team a four (4) hour delivery time slot within one (1) business day of the scheduled delivery.
2. Transferee has the container(s) for up to three (3) hours per container.
3. The containers will be serviced by a Zippy Shell approved labor provider or by Zippy Shell's labor crew. Crew size is two (2) men for three (3) hours per container.
4. Supply one (1) lock per container
5. Supply twenty-five (25) paper pads and stretch wrap per container
6. Supply fifty (50) feet of nylon rope per container
7. All hardware from dis-assembled items must be put in a clear Ziploc bag and securely duck tapped on the inside of the largest surface area. Locations must show the Transferee where the hardware is located and notify the Relocation Coordinator
8. Mattresses covers will be ordered by the Relocation Coordinator and drop shipped to the origin warehouse location and applicable charges will be added to the Transferees move price. Prices will vary depending on mattress size.
9. Images must be taken and uploaded to ZERemote when the container(s) are loaded and again when the container(s) are wrapped

Destination

10. Locations will be required to provide to the Coordination Team a four (4) hour delivery time slot within one (1) business day of the scheduled delivery.
11. The containers will be serviced by a Zippy Shell approved labor provider or by the Locations labor crew. Crew size is two men (2) for three (3) hours per container.
12. Labor crew is responsible for removing all items from the container(s) and placing them in the areas designated by the Transferee
13. Location must remove move debris that occurs the day of delivery. This includes, but not limited to: Unwrapping of furniture, disposal of plastic wrap, paper pads upon request and any other boxes that are emptied on the day of delivery. Scheduled removal of move debris not on the day of delivery will be determined by the Relocation Coordinator.

Economy and Packing

1. Pricing includes packing, loading/unloading and materials
2. Transferee will require a move survey and inventory of all items. This is organized and booked by the Relocation Coordinator.
3. Two (2) Containers or Less - Relocation Coordinator will determine and facilitate the completion of a video survey and provide the Location with a cube sheet for review and to provide a quote.
4. Two (2) Containers or More - Upon determination from the Relocation Coordinator, the Location must perform an on-site estimate and provide the Relocation Coordinator with a cube sheet and quote within twenty-four hours of estimate completion.

Origin

1. Locations will be required to provide to the Coordination Team a four (4) hour delivery time slot within one (1) business day of the scheduled delivery.
2. Transferee has the container(s) for up to three (3) hours per container
3. The containers will be serviced by a Zippy Shell approved labor provider or by a Locations labor crew. Crew size is two (2) men for three (3) hours per container.
4. Supply one (1) lock per container
5. Supply twenty-five (25) paper pads and stretch wrap per container
6. Supply fifty (50) feet of nylon rope per container

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7. All hardware from dis-assembled items must be put in a clear Ziploc bag and securely duck tapped on the inside of the largest surface area. Locations must show the Transferee where the hardware is located and notify the Relocation Coordinator
8. Mattresses covers will be ordered by the Relocation Coordinator and drop shipped to the origin warehouse location and applicable charges will be added to the Transferees move price. Prices will vary depending on mattress size.
9. Images must be taken and uploaded into ZERemote when the container(s) are loaded and again when the container(s) are wrapped
10. Crating is not included. This will be priced out by the Location and approved by the Relocation Coordinator on a per move basis
11. Relocation Coordinator will purchase one packing material kit. The applicable option will be determined by the Relocation Coordinator. Fees for packing material will be included in origin extra fees
12. For the breakdown and policies on packing, please reference the Packing Services section of this SOP and the Compensation Schedule for all applicable pricing

Destination

1. Locations will be required to provide to the Coordination Team a four (4) hour delivery time slot within one (1) business day of the scheduled delivery.
2. Transferee has the container(s) for up to three (3) hours per container
3. The containers will be serviced by a Zippy Shell approved labor provider or by a Locations labor crew. Crew size is two (2) men for three (3) hours per container.
4. Labor crew is responsible for removing all items from the container(s) and placing them in the areas designated by the transferee
5. Location labor crew must remove move debris that incur the day of delivery. This includes but not limited to: Unwrapping of furniture, disposal of plastic wrap, paper pads upon request and any other boxes that are emptied on the day of delivery. Scheduled removal of move debris not on the day of delivery will be determined by the Relocation Coordinator.

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For further information about Corporate Relocation and opportunities in your area, email relo@zippyshell.com

LINE HAUL AND DESTINATION SERVICES

Description: The Freight Team utilizes commercial freight carriers to ship a customer's moving container from the Origin warehouse to the Destination warehouse. If you are the Origin Location, you may be extended the opportunity to execute the Freight/Line Haul stage of the move and deliver the customer's container to the Destination warehouse. This is optional to you as the Origin Location. This option is usually considered by the Origin Location when the total distance from the Origin warehouse to the Destination warehouse is less than seven hundred and fifty (750) miles, one way.

In addition to the option above, you may also be extended the opportunity to perform destination services as the Origin Location. If you opted to perform the Origin Services, Freight Services, and Destination services, you would be paid all associated costs for the services referenced.

To inquire about performing said services for a customer, you may contact the Logistics Team at confirmations@zippyshell.com or the Freight Team at dispatch@zippyshell.com .

GENERAL POLICIES

Booking and Scheduling of Services

Time of Booking

1. Locations will be notified of all origin and destination bookings by email within twenty-four (24) hours with the following information
    a. Customer name
    b. Origin and Destination address (May be a partial destination address, i.e. Zip code only at time of booking)
    c. Date of service

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d. Type of service
e. Payment for services

2. Locations are responsible for confirming said notification with the Logistics Team within seventy-two (72) hours for availability of the initial booking. This confirmation may also be provided by ZERemote or another Zippy Shell specific medium, when available.
3. Locations must have a sufficient amount of service availability for all moves booked outside of a ten (10) day booking period.
4. All origin and destination move containers must be photographed at the warehouse before and after black wrap is applied. All images must be uploaded into ZERemote

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24 hours Prior to Service

1. Locations will be provided with a final confirmation twenty-four (24) hours prior to service delivery

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Location Hours of Operation

1. Locations must be staffed for move services Monday through Friday, 8am – 4pm
2. Should Locations hours of operation be limited or not within the standard day and time frames, please reference the Freight Shipping and Receiving section of this SOP for further instructions.
3. In the event these requirements are not adhered to and this causes a disruption in the freight process, all applicable penalties and/or charges incurred will be the responsibility of the Location. These penalties and/or charges include but are not limited to: Cross docking, shipping the wrong container(s), truck order not used and others.

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Day of Delivery

1. All service must be delivered and properly executed in accordance with the moving service procedures outlined in this SOP.

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Move Booking Distance

1. Zippy Shell will only book moves for a Location that are within a one hundred (100) miles radius from warehouse location
2. In the event a customer requires a move outside of the one hundred (100) mile radius, we will contact the Location prior to booking the move and will clarify terms, which can be accepted or rejected.

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Excess Mileage

1. Franchisees will be paid excess mileage for all moves performed outside of a twenty-five (25) mile delivery radius

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Container Use and Relocation

Move Containers

1. Zippy Shell maintains a fleet of moving containers that may be shipped to and stored at a Locations warehouse to be used for origin services.
2. Additionally, Zippy Shell may request to utilize Location-owned inventory of containers if no Zippy Shell move containers are available at that specific location. You are not required to provide any of your Location-owned containers for use in the move program. If a Location-owned container is requested, Zippy Shell will swap a container in a similar condition. If you believe you require additional containers, or are short on Zippy Shell move containers please contact the Logistics Team.

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Container Usage

1. Zippy Shell moving containers may not be used for local storage purposes, unless the customer originated as a Zippy Shell moving customer.
2. Zippy Shell reserves the right to charge a fifty (50) dollar monthly usage fee if Zippy Shell moving containers become unavailable for use because they are being used by a Location for local storage customers.

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Container Care

1. All Zippy Shell Moving containers must be stored inside the Locations warehouse
2. Locations are required to report any broken, damaged, or otherwise unusable containers to Zippy Shell in a timely manner to assetmanagement@zippyshell.com in addition to taking and uploading all images of those containers into ZERemote for proper documentation.

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3. Locations should immediately cease to use any Zippy Shell moving containers that have defects, are a clear danger to the customer or could damage the Zippy Shell brand
4. Unless authorized by Zippy Shell, Locations should not initiate any repairs on any containers
5. Upon periodic requests, Locations must provide within seven (7) days an accurate count and condition status for all containers, including the number of containers, serial numbers and photos of any damage. All information should be sent directly to assetmanagement@zippyshell.com.

Container Staging for Reallocation

1. Upon request, Locations will stage empty Zippy Shell move containers for shipping, which includes disassembly and stacking for shipment.
2. Locations will be provided with a minimum of seven (7) days' notice to stage shipments.
3. Staging and stacking procedures can be viewed in the Zippy Shell Container Staging and Assembly videos.
4. Locations are responsible for all lost and damaged containers owing to failure to adhere to the staging and stacking procedures
5. To obtain a copy of the Zippy Shell Container Staging videos and procedures please contact your Franchise Operations Team.

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Minimum Storage Period

1. Locations will provide move customers with a maximum of thirty (30) days free storage for any Zippy Shell moving customer
2. After the allotted 30 days, the Coordination Team will notify the Location that the free storage tenure is ending, in which the Location will be responsible for contacting the customer and obtaining a payment method to create a local storage account.

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Move Status Notification

1. During a customer's move, the Coordination Team will request the move status at a Locations warehouse
2. Locations are required to notify Zippy Shell upon request of the customers move status, to confirmations@zippyshell.com

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Quoting Move Leads

1. Zippy Shell will handle all long-distance move leads
2. Locations will be eligible to earn a lead commission (formerly referred to as origin profit share) on move business that is generated through their local marketing investments. Locations will not be eligible for a lead commission on move business that is generated through corporate marketing investments
3. To determine the source of all leads, Locations will need to have the proper lead gateway identification and will also need to be meeting their required local marketing spend, per your Zippy Shell Location agreement. For lead gateway identification and local spend assistance, please reach out to the marketing team at marketingdept@zippyshell.com
4. If Location team members haven't been trained on properly using ZMAP and/or ZERemote, please contact the Franchise Operations team to arrange training.
5. For assistance and guidance on quoting move leads, please contact zipmovesales@zippyshell.com.

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Container Labelling

Prior to shrink wrapping, franchisee must write the customer name and account ID number on masking tape and attach to the top left of the outgoing Zippy Shell moving container. If the Bill of Lading or shrink wrap comes off during transit with freight carrier, this will help identify it.

Completion of Work and Additional Services Form

A fully executed and signed Completion of Work/Additional Services Form must be provided to the Coordination Team within seventy-two (72) hours of the work performed. Zippy Shell will not pay for all additional services performed until this form has been signed by customer and delivered to the Logistics Team within this time frame.

Shrink Wrap

Locations are required to keep an inventory of eighty (80) gauge, eighteen (18) inch black wrap to help properly protect contents and offer privacy for Zippy Shell move containers during freight process. It is required to wrap only the sides of the containers with black shrink wrap for move customers.

Weigh Tickets

From time to time franchisee may be asked to get a weigh ticket. See Compensation Schedule below.

Bill of Lading

Locations must provide a Bill of Lading to carrier, sign it, notate in/out times and disclose if there are any freight issues or visible damage. Locations must attach a copy of the Bill of Lading to the front door of the black shrink wrapped move container.

Freight Shipping and Receiving

Standard dock height required: Fifty-two (52) inches to fifty-five (55) inches high and sixteen (16) feet to twenty (20) feet wide.

Contact the Freight Team if there is not enough room for the container. They will request the driver make room in his vehicle. If freight carrier requests the Location to move other freight, Location is required to have proper insurance coverage.

The Freight Team and/or freight carrier will notify the Location in advance via email and/or phone of any freight shipping or receiving. Location will have one (1) days' notice, but at minimum two (2) hours' notice will be provided. Locations must be able to respond to the freight truck within a two-hour window of when it arrives at warehouse.

If a Location is not able to service a freight arrival within the two-hour window, it is their responsibility to arrange an alternative solution. Should a Location choose to partner with the 3PL provider, payment and logistics must go through the Location. It is also required that this 3PL provider have a fully functioning forklift that can sustain no less than 13,000 pounds along with a standard height dock and must be fully bonded and insured. The Location must supply Zippy Shell with proof of these requirements for final approval to safeguard Zippy Shell and its operation. Location is also responsible for all standards of service at 3PL provider if used and assumes 100% of claims liability in the event of damage, theft or loss of any kind.

CLAIMS

Once a claim has been identified at the origin or destination, the following steps need to be followed:

The Claim Form must be sent to the customer to fill out entirely with the following:

1. Photos
2. Receipts
3. Statements
4. Other comments if applicable

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Should insurance carrier involvement be deemed necessary, the ZS Claim Notice will need to filled out with the following:

1. A PDF of the move agreement
2. A PDF of the Bill of Lading
3. Any other important information received from the Origin, Carrier or Destination providers
4. These documents will be added to the sync folder

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Complaint Reporting

1. All complaints and/or Claim Forms must be sent directly to confirmations@zippyshell.com

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2. If complaints or claims are reported directly to Zippy Shell's offices and not the Location, the Claims team will be responsible for documenting the claim with the Claim Form and will notify the Locations involved of a pending claims discovery in process

Resolution

1. The claims department will conduct interviews with all parties including the customer and determine a claims resolution method including responsibility
2. Zippy Shell will prepare a Claims Notification Report that will be provided to the origin and destination warehouse, including the nature of the claim and final responsibility
3. This claims process will be conducted and resolved in under sixty (60) days
4. All monetary compensation will be paid by the party responsible for the damage, based on the Zippy Shells final determination
5. Should a claim be escalated to the insurance company, all information would be sent to the Franchise Operations Team for processing

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PAYMENT FOR SERVICES

1. Payment will be sent within 30 days from the service completion at Locations warehouse

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COMPENSATION SCHEDULE

ITEM / SERVICE	DOCUMENTATION REQUIRED	ORIGIN	DESTINATION
Delivery & Pick Up (includes Self Load/ Self Unload and Stay & Waits)	Signed Completion of Work and Additional Services Form	$260 per container	$250 per container
Terminal Self Load **One container moves only*	As above	$160	$150
Additional Delivery Mileage *beyond 25-mile radius from warehouse*	As above	$4 per mile one way after the 25th mile	$4 per mile one way after the 25th mile
Loading & Unloading Services	As above	$350 per container	$300 per container

Monthly Storage FULL *beginning on the 31st day after origin pickup*		$159 per container per month	$159 per container per month
Assembly/Disassembly of Long Distance Move Containers	On request or preapproval from Zippy Shell only	$50 per container	
Weigh Ticket	On request or preapproval from Zippy Shell only	$25 per ticket	
Lead Commission	Defined in polices	$125 per move	
Terminal to Terminal Overtime	As above. Late or missed appointment fee to customer is rate times three (3) hours	$125 per hour	
Packing Services	Loading, packing and material capped rate. Exceptions to this cap must be approved in advance	$800 per container	

Compensation Schedule Accessory Fees

SERVICE / ITEM	INCLUSION/EXPECTATIONS	ORIGIN	DESTINATION
Heavy Item (Safe, Piano)	Must be specifically listed on original Service Order, or written Additional Service order	$75 or varies w/ prior approval	
Stair Carry *DEFINED AS* *1-6 Steps = Free Of Charge* *7-13 Steps = 1 flight* *13 -26 Steps = 2 flights* *27 -39 Steps = 3*	As above	$75 per flight per job	

flights etc.		
Long Carry *DEFINED AS Beyond the first 70 ft*	As above	$75 per job
Elevator	As above	$75 per job
Extra Stop	As above	$75 varies w/ prior approval
Bed Assembly/Disassembly	As above	$50 varies w/ prior approval
Wait Time	Beginning one (1) hour after notification to Zippy Shell Beginning after 3rd hour of 'Stay and Wait' services	$75 per man hour
Attempt fee *DEFINED AS Moving crew dispatched for loading/ unloading / delivery service prior to notice of cancellation*	Zippy Cancellation in writing	$150 per move
Maximum Hourly Rate	Must be specifically listed on original Service Order or Additional Service order	$100 per hour maximum

FORMS

Completion of Work and Additional Services Form

Date(s) of Service: _____ Start Time: _____ End Time: _____

Service Provider: _____

Customer Name: _____

Address of Service: _____

_____

_____

_____

Services Provided Today (check all that apply): ☐ Loading ☐ Unloading

☐ Terminal Load / Unload ☐ Self Loading/Unloading ☐ Packing Services

☐ Customer elected not to be on site at time of pickup

Suggested Safeguards / Tie Downs / Supplies: (check only if applicable)

☐ Refused ☐ Accepted ☐ Customer Provided Supplies

Customers initials below

____ Customer understands that Zippy Shell will not be held responsible for ceramic, granite, or marble.

____ Customer understands Zippy Shell will not be held responsible for any damages that are a direct result of self loading, refusal of sufficient padding, refusing use of tie downs and/or refusal of suggested safeguards.

____ Customer understands that Zippy Shell will not be held responsible for unsealed cartons or liable for any items not packed by us or our independent contractor.

____ Pressed wood, particle board, or modular furniture is excluded from our coverage due to nature of material.

____ Customer acknowledges that Service Provider reserves the right to waive responsibility for any item(s) they feel cannot be moved safely without damage to the home or item. If customer allows movement of these items, all rights to damage claims are waived.

Did any damages occur to your personal items or home during the load or unload? ***Customer initials*** _____ circle one **YES NO**

Customer Feedback:

_____

_____

_____

_____

_____

Additional Services

NOTE TO CUSTOMER: This section is for additional services only that have not been included in your original quote. If you believe you are being charged incorrectly or have already paid for these services, please call (877) 947-7743 for questions.

QTY	DESCRIPTION	UNIT PRICE	LINE TOTAL	CUSTOMER INITIAL
	Long Carry	$	$	
	Elevator	$	$	
	Stairs as Defined	$	$	
	Heavy Carry	$	$	
	Additional Labor, Assembly, Disassembly, Etc.	$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	

SERVICE PROVIDER PLEASE NOTE: Payments for service(s) noted above must be based upon your contracted service rate and your contracted standard of service with Zippy Shell – Inc. *SERVICE PROVIDER PLEASE NOTE: Do not notate pricing for additional service line items above when servicing moves for Corporate Relocation clients. Please contact Zippy Shell Relocation Coordinator for all additional services for any Corporate Relocation Clients.*	SUBTOTAL	$
	SALES TAX	$
	TOTAL	$

CUSTOMER: By signing, I am responsible for the additional services and fees provided. I acknowledge the onsite work was completed and/or noted above. If applicable, I authorize Zippy Shell to charge my credit card on file for the total additional services rendered and noted above.

Customer Signature: _____

IN WITNESS WHEREOF, the parties hereto have caused this MOU to be executed by their duly authorized representatives as of _____.

Gareth Taylor for Zippy Shell Incorporated and (Franchise Owner) for Service Provider.

Service Recipient:
Zippy Shell Incorporated

By: _____ Gareth Taylor, President

_____ Franchise Territory Name

By: _____ Title
(Franchisee Signature), Owner-Operator

Printed Name: _____

~~ZipMove Letter of Understanding~~

~~Provider Service and Equipment Requirements~~

~~Provider must perform the following services and must use equipment with the below provided for specifications and capabilities.~~

1. **~~Shipping and Receiving Services~~**
   - A. ~~Provider must provide all shipping and receiving services required by Company and Provider's locations will maintain inbound and outbound service hours from 8am to 5 pm local time, Monday through Friday.~~
   - B. ~~Provider's locations must have a forklift with a minimum lift capacity of 8000lbs.~~
   - C. ~~Forklifts shall be powered by propane gas.~~
   - D. ~~Provider's locations shall have and maintain truck loading dock facilities suitable for loading and unloading semi-trailers.~~

2. **~~ZipMove Container Staging~~**
   - A. ~~Provider agrees to stage and load a ZipMove customer for shipment with a minimum of 5 day notice.~~
   - B. ~~Provider locations shall wrap ZipMove Containers using Company's approved black plastic shrink wrap.~~
   - C. ~~Company may elect to supply specially designed Container covers. Provider shall employ these covers when supplied.~~
   - D. ~~Provider's location shall be capable of loading or unloading a Container anywhere inside or on a semi-trailer.~~

3. **~~Container Care~~**
   - A. ~~ZipMove Containers shall be stored inside at all times. Containers shall not be exposed to excessive cold, heat, moisture, or substances that may cause damage.~~
   - B. ~~Franchisees will be responsible for the custody and care of ZipMove Containers~~
   - C. ~~Empty Containers shall be swept clean and inspected immediately upon return from customer delivery~~
   - D. ~~Provider personnel shall be trained in the assembly of Containers for use and the break-down of Containers for re-distribution throughout the ZipMove System~~
   - E. ~~Provider locations shall be responsible for loading and unloading both assembled and disassembled Containers as required~~
   - F. ~~Provider shall allow the Company access to inspect the containers from time to time~~
   - G. ~~Provider agrees to store up to five (5) empty ZipMove containers at no charge. Under written agreement from the provider, ZipMove may store additional containers at no extra charge. Provider shall designate the number of containers they want to hold on behalf of the program.~~
   - H. ~~Provider agrees to stage empty disassembled ZipMove containers upon request in a fashion suitable~~

to the Company.

4. Container Transfer

A. Should a container owned by the Provider be used in a moving service, the container will be transferred to the property of the Company.

B. The Company will transfer to the Provider a similar container in comparable condition within a reasonable timeframe (30 Days or less).

5. Booked Storage Services

A. Customers requiring storage services in conjunction to ZipMove services at the time of booking will be booked directly with the origin Provider unless specifically requested by the customer

B. Origin Provider will receive the Standard ZipMove monthly storage fee as outlined in Exhibit B, upon move in.

6. In-Transit Storage Services

A. Provider agrees to store ZipMove customers for up to fifteen (15) days while transportation to another location is being arranged. This storage period is considered part of the normal ZipMove transaction and will be provided at no additional charge.

B. On the sixteenth day, ZipMove Customer will be considered a Booked Storage Service and Provider shall receive the standard monthly storage rate as agreed in Exhibit B.

7. Use of ZipMove Storage Containers for Booked Storage Services

A. Zippy Shell Incorporated will charge a Monthly Container Rental Charge for ZipMove containers being used by the Provider for Booked Storage of $35 per month. The Franchisee may substitute a container of like condition in the event that the customers will be in storage for an extended period of time. A photo of the container along with the serial number must be provided prior to this being approved.

B. This charge will be assessed on the third (3rd) monthly anniversary date of the Booked Storage Service.

C. ZipMove Delivery and Pick-up Services Provider (Franchisee) agrees to delivery services up to _____ radius from their warehouse location.

Compensation

1. Delivery Fees & Times

Drop off and retrieval under 25 mile radius	$250** per container
Wrapping of containers in black shrink wrap	$10.00 per container
Additional Delivery Fee for over 25 miles starting with mile 26	$4 per mile, one way, per container
Staging and Loading of ZipMove shipments	Included in Delivery Fees
Overnight drop of container outside 25 miles	$150

Missed Appointment Fee (freight truck) $100
Payment for Originating Franchisee Within 7 days of providing service
Load time for customers 3 hours
Overnight drop off of customer inside 25 miles no charge but schedule permitting
** Any exceptions will be run by the Provider

2. Outbound (Origin Franchise) Move Profit Share

The origin franchisee has the right to get the "wholesale" rate quote and sell the service to the customer with an additional profit margin. In the event the franchisee does not want to upsell the move, the following compensation will be provided.

For moves under $2,500 in value $100 flat fee
For moves equal to or over $2500 in value $250 flat fee

3. Customer Storage Rate (origin or destination) $159 per 15ft. container
$129 per 12ft. container
$99 per 8ft. container

4. Assembly & Disassembly of Containers $50 per container

5. Staging and Loading of Empty Containers $200 + Materials per load

6. Missed Appointment Fee (Freight Truck) $100

7. Payment to Destination Franchisee Within 7 days of warehouse arrival

8. Service Area Franchisee agrees to service moves up to a _____ mile radius from their location. In addition franchisee agrees to provide this service for up to _____ containers.

Other Items:

1. Franchisees will sell their own items such as blankets, locks and boxes at their current listed cost.

2. If a ZipMove container arrives damaged the franchisee will notify corporate and have a replacement part or container sent to them.

3. If a storage customer moves via ZipMove and thus utilizes the franchisees container, the franchisee will then transfer one of the ZipMove owned containers into their inventory.

4. The originating franchisee will have the right to request a wholesale quote and then resell the move and maintain any of the profit margin. The franchisee must let the ZipMove sales center know that they desire to handle the sale of their moves.

5. If the franchisee decides during the term of this understanding to no longer participate in the programs, the must immediately prepare the containers for shipping. If they fail to do this or have damaged the containers, they will be responsible for the cost of the containers.

Should the franchisee choose not to participate in the program; they shall maintain all of the rights provided to them for local moves under their Zippy Shell Incorporated franchise agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the below set forth date.

Company: Zippy Shell Incorporated	Provider:
By: Gareth Taylor	By:
Date:	Date:
Its: President	Its:

EXHIBIT I

ASSIGNMENT, ASSUMPTION AND RELEASE AGREEMENT

ASSIGNMENT, ASSUMPTION AND RELEASE AGREEMENT

THIS ASSIGNMENT, ASSUMPTION AND RELEASE AGREEMENT ("**Assignment**") is made and entered into this _____ day of _____, 20__ by and between Zippy Shell Incorporated , a Delaware corporation ("Franchisor"), and _____, a _____ with its principal place of business located at _____ ("**Old Franchisee**") and _____, a _____, with its principal place of business located at _____ ("**New Franchisee**") (collectively, Franchisor, Old Franchisee and New Franchisee are referred to hereinafter as the "Parties").

WITNESSETH

WHEREAS, Franchisor and Old Franchisee previously entered into that certain Franchise Agreement dated _____, 20__ (the "**Agreement**") granting Old Franchisee the right to operate a mobile self-storage business using the Zippy Shell trademarks system and brand for a specific Term (as defined in the Agreement); and

WHEREAS, Franchisee indicated Franchisee's intent to _____; and

WHEREAS, New Franchisee was formed for the express purpose of becoming the franchisee under the Agreement; and

WHEREAS, pursuant to Section 10.2 the Agreement, the cumulative transfer of more than 25% of the capital stock in the Old Franchisee shall be deemed a transfer of Old Franchisee; and

WHEREAS, Sections 10.2 of the Agreement sets forth the requirements for transfer by Old Franchisee and the conditions upon which Franchisor will approve the transfer of the Agreement from Old Franchisee to New Franchisee; and

WHEREAS, Old Franchisee desires to assign and transfer the Agreement to New Franchisee and New Franchisee desires to accept the Assignment;

WHEREAS, Franchisor wishes to approve this Assignment;

NOW, THEREFORE, in consideration of the premises and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Truth of Recitals**. The undersigned acknowledge that the above recitals are true and correct at the time of execution of this Assignment and that they express the Parties' intent at the time of the execution thereof and that they are incorporated herein and binding on the Parties.

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2. **Assignment**. Old Franchisee hereby, sells, conveys, assigns, transfers, sets over and delivers to New Franchisee all of Old Franchisee's right, title, and interest in the Agreement.

3. **Assumption**. New Franchisee hereby accepts the Assignment from Old Franchisee, and expressly assumes the due and punctual performance of each covenant, condition and obligations of Old Franchisee from _____, 20__ the initial date of the Agreement

through the date of this Assignment and throughout the remaining Term of the Agreement, as if New Franchisee was the Old Franchisee _____, 20__.

•4. **Acceptance by Franchisor**. Franchisor hereby consents to this Assignment, subject to the Parties compliance with the terms and conditions of this Assignment.

•5. **Release By Old Franchisee**. Old Franchisee, each of the Owners, and their present or former affiliated entitles, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "**Old Franchise Releasing Entities**"), hereby fully release Franchisor and its present or former affiliates and their respective offices, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through Franchisor (the "**Franchisor Released Entities**") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Old Franchisee Releasing Entities, or any of them, may have against the Franchisor Released Entities as of the date this Agreement is executed.

•6. **Release By New Franchisee**. New Franchisee, each of the Owners, and their present or former affiliated entitles, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "**New Franchisee Releasing Entities**"), hereby fully release Franchisor and its present or former affiliates and their respective offices, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through Franchisor (the "**Franchisor Released Entities**") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the New Franchisee Releasing Entities, or any of them, may have against the Franchisor Released Entities as of the date this Agreement is executed.

•7. **Acknowledgement of Old Franchisee and New Franchisee**. Old Franchisee and New Franchisee acknowledge and agree that Franchisor is not releasing Old Franchisee from any claims, including but not limited to Old Franchisee's failure to pay Royalty Fees when due and owing, whether currently due or not as of the date of this Assignment. Additionally, New Franchisee acknowledges and agrees that New Franchisee is also liable for any claims that Franchisor may have against Old Franchisee including but not limited to Old Franchisee's failure to pay Royalty Fees when due and awing, whether currently due or not as of the date of this Assignment.

•8. **Preservation of Franchisor's Rights under the Agreement**. Nothing contained herein shall subject Franchisor to any liability to which it would not otherwise be subject under the Agreement.

•9. **No Amendment to the Agreement**. Except with respect to Franchisor's consent to the Assignment and the completion of this Assignment, Franchisor, Old Franchisee and New Franchisee acknowledge and agree that no other terms of the Agreement have been amended or modified in any way and remain in full force and effect.

•10. **Miscellaneous**.

This Assignment contains the entire agreement and representations between the Parties hereto with respect to the subject matter hereof. This Assignment supersedes and cancels any prior understanding or agreement between the Parties hereto whether written or oral, express or implied. No modifications or amendments to this Assignment shall be effective unless in writing, signed by all Parties.

The language of this Assignment shall be construed as a whole, according to its fair meaning, and not strictly for or against Franchisor, Old Franchisee and New Franchisee. In the event any provision hereof, or any portion of any provision hereof shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect the remaining portion of any provision, or of any other provision hereof, and each provision of this Assignment shall be deemed severable from ail other provisions hereof.

This Assignment shall be governed by the laws of the District of Columbia. Any litigation or court action arising under or related to this Assignment shall be filed in the state or federal court in the District of Columbia.

In the event a court action is brought to enforce or interpret this Assignment, the prevailing Party in that proceeding or action shall be entitled to reimbursement of all of its legal expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred. The prevailing Party shall be entitled to reimbursement of all such expenses both in the initial proceeding or action and on any appeal therefrom.

This Assignment is binding on the Parties hereto and their respective successors, heirs, beneficiaries, agents, legal representatives, and assigns, and on any other persons claiming a right or interest through the Parties.

This Assignment may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

Franchisor, Old Franchisee and New Franchisee agree that neither this Assignment nor the furnishing of the consideration for this Assignment shall be deemed or construed at any time for any purpose as an admission by Franchisor or Old Franchisee and New Franchisee of any liability or unlawful conduct of any kind, all of which Franchisor, Old Franchisee and New Franchisee deny.

Franchisor, Old Franchisee and New Franchisee acknowledge and agree that this Assignment, including all terms contained herein, is confidential. Neither Franchisor, Old Franchisee nor New Franchisee may disclose the terms of this Assignment to any person or entity without the express written consent of the non-disclosing party. Franchisor, Old Franchisee and New Franchisee acknowledge and agree that this Section 10H is a material provision of this

Assignment and that any breach of this Section 10H will be deemed a material breach of this Assignment.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Release as of day and year first above written.

FRANCHISOR:
ZIPPY SHELL INCORPORATED
A Delaware Corporation

_____
By: Rick Del Sontro
Its: President

OLD FRANCHISEE: _____
A _____

_____
By: _____

NEW FRANCHISEE: _____
A _____

_____
By: _____
Its: _____

OWNERS:

_____

EXHIBIT J

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Zippy Shell Incorporated (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Zippy Shell Franchise (the "Franchise"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that Franchisor has not authorized that may be untrue, inaccurate or misleading, and to be certain that you understand that you bear the risks of buying and operating a franchise.

The questions below do not apply to any communications that you had with a Franchisee from whom you are assuming or buying a franchise.

Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchise from an existing Franchisee?

Yes _____ No _____

2. I had my first telephone or face-to-face meeting with a Franchisor representative on _____, 20___.

3. Did you receive a copy of Franchisor's Franchise Disclosure Document (and all exhibits and addendums) at least 14 calendar days prior to signing the Franchise Agreement?
Check one: □ Yes □ No. If no, please comment:

_____

4. Have you studied and reviewed carefully Franchisor's Franchise Disclosure Document and Franchise Agreement?
Check one: □ Yes □ No. If no, please comment:

_____

5. Did you receive a copy of the Franchise Agreement at least seven calendar days prior to the date on which the Franchise Agreement was executed?
Check one: □ Yes □ No. If no, please comment:

_____

6. Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement?
Check one: □ Yes □ No. If no, please comment:

_____

7. Have you discussed the benefits and risks of establishing and operating a Franchise with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

8. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document?
Check one: □ Yes □ No. If yes, please state in detail the oral, written or visual claim or representation:

---

9. Did any employee or other person speaking on behalf of the Franchisor make any oral, written or visual claim statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income or profit levels at your anticipated business, at any other Franchisor business, or that predicted the likelihood of success of your business?
Check one: □ Yes □ No. If yes, please state in detail the oral, written or visual claim or representation:

---

10. Has any employee of a broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document or Franchise Agreement?
Check one: □ Yes □ No. If yes, please explain:

---

11. Do you understand that the Franchise Agreement (and applicable addenda) contains the entire agreement between you and Franchisor concerning your business, meaning that any prior oral or written statements not set out in the Franchise Agreement or Franchise Disclosure Document will not be binding?
Check one: □ Yes □ No. If no, please comment:

---

12. Do you understand that the success or failure of your business will depend in large part upon your skills and experience, your business acumen, your location, the local market for products and services, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your business may change?
Check one: □ Yes □ No. If no, please comment:

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO FRANCHISOR AND THAT FRANCHISOR WILL RELY ON THEM. BY SIGNING THIS DISCLOSURE QUESTIONNAIRE YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND

RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

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

Signed: _____

Print Name: _____

Date: _____

EXHIBIT K

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this franchise disclosure document and all agreements carefully.

If Zippy Shell Incorporated offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Zippy Shell Incorporated 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 agency listed on Exhibit A.

The franchisor is Zippy Shell Incorporated, located at 3050 K Street NW, Suite 170, Washington, D.C. 20007. Its telephone number is (202) 999-4740.

Issuance Date: ~~May 24, 2016, as amended on~~ April 19th, 2017

Formatted: Superscript

The franchise sellers for this offering are:

Rick N. Del Sontro, CEO
Gareth Taylor, President
Robin Ashwood, Franchise Operations Manager
3050 K Street NW, Suite 170
Washington, D.C. 20007
(202) 999-4740

And the following other sellers (if any)
Name:_____
Company: _____
Address:_____
Telephone No.:_____

Zippy Shell Incorporated. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received the disclosure document dated ~~May 24 2016~~April 19, 2017, as amended on_____ that included the following Exhibits:

A List of State Agencies/Agents for Service of Process
B-1 Franchise Agreement
B-2 Cartridge Lease Agreement
B-3 United Leasing, Inc. Equipment Lease
B-4 Addendum Number 1 to the Franchise Agreement
C Financial Statements
D Operations Manuals Table of Contents
E Multi-State Addenda
F List of Franchisees and Franchisees that have left Franchisor's system during the last fiscal year
G General Release
H ZipMove Letter of Understanding
I Assignment, Assumption and Release Agreement
J Franchise Disclosure Acknowledgment Statement
K Receipt of Franchise Disclosure Document

Date:_____

For individuals:

Printed Name:_____
Signature:_____

For entities:

Name of Entity:_____
Signature:_____
Printed Name:_____
Office:_____

Please return this signed receipt by signing and dating it and mailing it to Zippy Shell Incorporated, at 3050 K Street NW, Suite 170, Washington, DC 20007 or by scanning and emailing it to Zippy Shell Incorporated at rdelsontro@zippyshell.com. You may keep the second copy for your records.

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