FRANCHISE DISCLOSURE DOCUMENT

AERUS FRANCHISING, LLC
a Delaware Limited Liability Company
14841 Dallas Parkway, Suite 500
Dallas, Texas 75254
(800) 243-3589/(800) 572-0321
Email: franchising@aerusonline.com
www.aerusfranchising.com; www.beyondbyaerus.com; www.aerushome.com

This franchise is for the operation of a business that markets and sells a proprietary line of air purification, water purification, water conditioners, floor care and other products and services that create and maintain allergy friendly, clean and healthy indoor environments for homes and businesses. Our franchisees also perform testing and treatments for indoor environmental containments and perform repair and maintenance services for all of our products and certain products of our competitors. Our franchisees are required to maintain a fixed store location to operate their franchise. Our franchisees accomplish a substantial portion of their sales through in-person marketing and product demonstration.

We currently offer 2 franchise programs – our Standard franchise program ("Standard Program") and our associate franchise program ("Associate Program"). We also offer qualified franchisees under the Standard Program and Associate Program a right to sell an additional, premium line of products that are marketed and sold under the "Beyond by Aerus" trademark.

The total investment necessary to begin operation of a franchise under the Standard Program is $30,500 to $417,890. This includes $20,500 to $308,200 that must be paid to us or our affiliate.

The total investment necessary to begin operation of a franchise under the Associate Program ranges from approximately $16,000 to $95,890. This includes $8,000 to $51,100 that must be paid to us or our affiliate.

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 an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

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

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

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

Issuance Date: May 18, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 6.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit 1 includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Aerus Business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other Franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Aerus Franchisee?	Item 20 or Exhibit 6 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 4.

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

Special Risks to Consider About *This* Franchise

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

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

2. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.

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

4. **Supplier Control**. You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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

NOTICE REQUIRED
BY
STATE OF MICHIGAN

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(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.

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building, Lansing, Michigan 48913, telephone (517) 373-7117.

TABLE OF CONTENTS

	Page
Item 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
Item 2 BUSINESS EXPERIENCE	6
Item 3 LITIGATION	7
Item 4 BANKRUPTCY	8
Item 5 INITIAL FEES	8
Item 6 OTHER FEES	11
Item 7 ESTIMATED INITIAL INVESTMENT	18
Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	20
Item 9 FRANCHISEE'S OBLIGATIONS	24
Item 10 FINANCING	26
Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	28
Item 12 TERRITORY	35
Item 13 TRADEMARKS	39
Item 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	43
Item 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS	45
Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	46
Item 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	48
Item 18 PUBLIC FIGURES	52
Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS	53
Item 20 OUTLETS AND FRANCHISEE INFORMATION	53
Item 21 FINANCIAL STATEMENTS	62
Item 22 CONTRACTS	63
Item 23 RECEIPTS	63

State-Specific Addenda

TABLE OF EXHIBITS

Exhibit 1	Financial Statements
Exhibit 2(a)	Franchise Agreement (Standard Program), Lease Rider, Software License Agreement, and Consigned Products Security Agreement
Exhibit 2(b)	Franchise Agreement (Associate Program), Lease Rider, Software License Agreement, and Consigned Products Security Agreement
Exhibit 2(c)	Beyond Addendum
Exhibit 3	Secured Promissory Note, Security Agreement and Guaranty
Exhibit 4	List of State Administrators
Exhibit 5	List of Agents for Service of Process

Exhibit 6	List of Aerus Businesses and List of Aerus Businesses Who Have Left the System
Exhibit 7	Commitment Letter
Exhibit 8	Manual Table of Contents

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

"You" means the individual, corporation, partnership, limited liability company or other business entity who purchases the franchise. Except for sole proprietorships, the term "You" does not include a business entity's owners.

Background

"Electrolux" brand vacuum and floor care products have been sold in North America since 1924.

In 1998, the Electrolux business in the United States and Canada was acquired by Electrolux LLC, the current owner. In 2000, Electrolux LLC, completed a transaction to sell its "Electrolux" brand name rights. It developed a new brand name "Aerus" and retained certain non-exclusive rights in and to the brand names "Electrolux" and "Lux" based upon license agreements with Aktiebolaget Electrolux, the purchaser. In 2001, Electrolux LLC changed its name to Aerus LLC and formed a subsidiary Aerus Franchising, LLC, to offer franchising rights. In 2013, it established "Beyond by Aerus" as a new name brand for its proprietary line of products, services and treatments that create and maintain allergy friendly, clean and healthy indoor environments.

The Franchisor

Aerus Franchising, LLC, ("we", "our" or "us") is a limited liability company formed under the laws of Delaware on May 2, 2001. We currently do business only under our company name and under the trade names "Aerus", "Aerus Franchising" or "Beyond by Aerus". We maintain our principal place of business at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254. We have been offering franchises under the "Aerus" marks since June 2002. We began offering qualified franchises the right to sell our additional premium line of products and services under the "Beyond by Aerus" mark as of April 15, 2015. As of December 31, 2025, we have 148 franchise businesses in the United States and Canada. We do not offer any other franchises or engage in any other line of business, nor have we done so prior to the date of this Disclosure Document.

Our agents for service of process are listed in Exhibit 5.

Our Parent, Predecessors and Affiliates

We are owned by Aerus LLC ("Aerus") and a limited number of members owning a small minority interest. Aerus is a Delaware limited liability company and its principal place of business is 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254. Aerus is a wholly-owned subsidiary of ActivePure Technologies, LLC, a Delaware limited liability company, with its principal place of business at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254. Our product line is manufactured and/or supplied by Aerus. Prior to April 1, 2004, Aerus owned and operated approximately 400 Aerus businesses in the United States. Aerus eventually sold such businesses to individuals or entities who were then granted franchise rights by us. Aerus no longer owns any such businesses. Aerus has never offered franchises in any line of business. As described in Item 13, Aerus owns some of the Marks.

From time to time, ARS Home Solutions, LLC ("ARS"), ARS Home Solutions Canada, Inc. ("ARS Canada"), or other of our affiliates may offer qualified individuals and business entities the opportunity to purchase the assets of existing Aerus Businesses operated by them. In these transactions, we negotiate with the prospective franchisee to reach mutually acceptable terms of a sales agreement, and if applicable, sublease or assignment of lease of real estate.

ARS, a wholly owned subsidiary of Aerus, is a Delaware limited liability company formed on August 6, 2001, and shares our principal business address. ARS has been granted franchise rights by us and as of December 31, 2025, owns and operates 3 Aerus Businesses in the United States. ARS has conducted businesses of the type to be operated by you, and has done so since 2004. ARS has never offered franchises in any line of business.

ARS Canada is an Ontario corporation formed on November 4, 2011 and has a principal business address at 3480 Laird Road, Suite 2-5, Mississauga, ON L5L5Y4. ARS Canada has been granted franchise rights by us, and although it currently does not own or operate any Aerus Businesses in Canada, it previously conducted business of the type to be operated by you from 2011 to 2018. ARS Canada has never offered franchises in any line of business.

Our Business and Products

We grant franchises to qualified individuals and business entities for the right to establish and operate businesses that (i) market, distribute and sell our line of air purification, water purification, water conditioning, floor care and other environmental products for homes and businesses, including accessories, attachments, parts and supplies; (ii) provide testing for indoor environmental contaminants and market, distribute and sell products, services and treatments for the control of indoor environmental contaminants; and (iii) perform product repair, maintenance and related services for our products and certain products of our competitors (collectively the "Products").

Our Products bear or are identified by the trade name, trademark or service mark "Beyond", "Beyond by Aerus", "Aerus", "Lux", "Electrolux" or certain other indicia owned, licensed or otherwise contracted for by us (the "Marks") which are marketed, distributed and sold through (among other channels) a network of independent franchisees, operating from permitted fixed locations, and their permitted distributors, licensees and sales representatives, who each assume responsibility for their own marketing, promotion, sales and distribution of the Products, directly or indirectly, to the end-user, consuming public. "Beyond Products" mean those Products marketed, distributed and sold under the "Beyond by Aerus" Mark.

We have developed a distinctive and proprietary system (the "System") for establishing and operating businesses that offer and sell the Products. The distinguishing characteristics of the System include, among other things: identification by the Marks; distinctive exterior and interior design, decor, color scheme and furnishings, fixtures and other trade dress elements; proprietary products; standards, specifications, policies and procedures for construction, management and operations; quality, distinctiveness and uniformity of products and services; standards, specifications, procedures and automated, software driven administrative systems for customer, lead, inventory, sales and financial management and control; sales, recruiting and lead generation programs; training and assistance; and advertising and promotional programs all as are more

particularly described and designated in the Manuals (as defined below) and all of which we may change, improve, and further develop at our sole option from time to time.

"Manuals" refer to our confidential operations manuals, including the Policies and Procedures, and other manuals and written materials (including electronically stored or communicated materials) developed by us for use in the operation of Aerus Businesses. Our "Policies and Procedures" include those policies, procedures, practices, rules and regulations developed by us for use in the operation of Aerus Businesses. We refer to businesses which operate under the Standard and Associate Programs (each defined below) as "Aerus Businesses," and to the specific business that you will operate as the "Franchised Business."

The Franchise Offered

We grant to third parties the license and right to operate under 1 of 2 franchise programs, known as (i) the standard franchise program (the "Standard Program") and (ii) the associate franchise program (the "Associate Program"); each of which offer and sell certain of the Products, are identified by certain of the Marks and use certain elements of the System, all as determined from time to time by us.

The type of businesses operated under each of these programs possess each of the four following characteristics: (i) they are identified by the Marks, (ii) they are primarily engaged in the offer and sale of the Products, to either (a) non-commercial, residential buyers of the Products, or (b) commercial buyers who are not designated in the Manuals as "national accounts" and who are not engaged, and not anticipated to be engaged, in the sale of any cleaning, purification, health improvement or other consumer products or services, who, in either case, are purchasing the Products for such customer's use or consumption and not for re-sale ("Approved Customers"), (iii) they operate from one or more pre-authorized physical locations that serve as retail locations, service centers, recruiting and training centers (each, an "Approved Location"), and (iv) they operate in accordance with the System.

Although the type of businesses operated under each of the programs are similar, there are key and important differences in the programs. Associate Program franchisees may only operate from a single approved location, while Standard Program franchisees may, with our approval, open additional locations. Whether a franchisee is under the Association Program or Standard Program affects the prices at which the franchisee may sell consigned products, with Standard Program franchisees entitled to more favorable pricing. Some of the additional key differences between the programs are summarized below and are noted throughout this Disclosure Document. Unless otherwise noted in this Disclosure Document, the programs are similar.

Program	May open additional Satellites or Outlets with our approval	Service & Repair Center	Minimum Sales Requirement
Standard Program	Yes	Must maintain service and repair center within Approved Location	Generally, No less than 45 Core Units per Approved Location per Quarter plus 80% of average Gross Sales of aftermarket, labor and parts per quarter
Associate Program	No	May maintain service and repair center within Approved Location or contract with another Aerus Business to discharge all service and repair obligations	Generally, 30 Core Units per Approved Location per Quarter plus 80% of average Gross Sales of aftermarket, labor and parts per quarter

You will operate the Franchised Business according to the terms and conditions of the Franchise Agreement ("Franchise Agreement") which, among other things, grants you a limited license to use those Marks and elements of the System which we designate for your use in connection with the applicable franchise program. The Franchise Agreement for the Standard Program can be found attached to this Disclosure Document at Exhibit 2(a) and the Franchise Agreement for the Associate Program can be found attached to this Disclosure Document at Exhibit 2(b). Additionally, you also must comply with the standards, specifications and directives contained in the Manuals.

As our franchisee, you will offer and sell the Products designated by us under the franchise program under which you operate. Most of the Products in your inventory will be held on consignment until sold. Consequently, we or our affiliate will determine the prices at which the Products will be sold. The Products that you hold on consignment and offer for sale are referred to in this Disclosure Document as the "Consigned Products." When you sell any Consigned Products, you will be required to remit payment to us or our affiliate. The amount of that payment is referred to as the "Standard Allocation". The Standard Allocation is established by us (in the Manuals or otherwise in writing) and will vary based upon the franchise program you elect and your sales volume. We or our affiliate will provide to you an initial and ongoing inventory of Consigned Products. In connection with these Consigned Products, you must maintain with us a security deposit ("Security Deposit").

You will accomplish a substantial portion of your sales through in-person marketing and product demonstrations, but also will maintain a store front at an Approved Location, where you will offer and display Products for retail sale, conduct product demonstrations and receive products from customers for trade-in, service and repair.

You will have a "Protected Area" in which you have certain limited territorial protections and an "Area of Responsibility" in which you will have certain rights and responsibilities. See Items 12 and 16.

The Standard Program allows you (with our prior approval) to own and operate more than one Approved Locations on either a full-scale or limited-scale basis (Approved Locations of limited-scale can be "Satellites" or "Licensed Outlets"). Satellites are additional locations managed directly by you. Outlets are additional locations under your care and control that are managed by persons or entities contracted by you to oversee the location (each an "Outlet Licensee"). Outlet Licensees must be engaged on forms acceptable to us. You should note that some states may impose additional requirements or regulation on those relationships, in that event, Outlet Licensees would not be permitted.

Franchisees under the Associate Program are not permitted to open additional Approved Locations, Satellites or Licensed Outlets. References and descriptions of Satellites, Outlet Licensees and Licensed Outlets in this Disclosure Document are not applicable to the Associate Programs.

You must designate an "Operating Principal." Your Operating Principal will be the individual primarily responsible for your business. If you are an individual, you will be the Operating Principal.

The Beyond Program

We also offer eligible franchisees the right to sell Beyond Products. If you qualify and elect to sell Beyond Products, you will sign an addendum to your Franchise Agreement, a copy of which is attached as Exhibit 2(c) (the "Beyond Addendum"). The Beyond Addendum grants you a right to market and sell Beyond Products in your Area of Responsibility. You will pay an additional initial fee as described in this Disclosure Document ("Beyond Fee") and also be required to attend additional training, as further described in this Disclosure Document. Franchisees who do not sign the Beyond Addendum will have no rights to market and sell Beyond Products.

Market and Competition

The market for the products and services offered by Aerus Businesses is developed and highly competitive. You will be offering products and services to a diverse cross section of residential customers and certain commercial customers. You will be competing with cleaning, purification, health improvement and other home environment cleaning and maintenance product and service suppliers, including mass merchandisers, department stores, specialty stores, direct marketers and others. In some instances, you will be competing with certain products offered by other franchisees or our affiliates (and their respective independent distributors).

Industry Specific Laws and Regulations

The Franchised Business must comply with the Americans with Disability Act, and all local zoning laws, land use laws and regulations. You must comply with the Truth in Lending Law and other laws applicable to the offer of financing. Further, with respect to your sale of products through direct in-home demonstrations, you must comply with a number of regulations particular to such activity including: the Federal Trade Commission Rule granting the purchaser in any such sale an unfettered right to cancel the transaction within three business days; the Federal Communications Commission regulation requiring you to maintain a list of consumers who have asked you directly to not call them again; and some state and federal statutes that permit residential telephone users

to have their names placed on a state or federally managed "do not call" list to which telephone marketers must subscribe and adhere. You may also have to comply with local ordinances that require the in-home salespersons to hold a solicitors or direct sellers permit. Other state laws prohibit certain abusive "referral sales schemes". State or local laws may also require the bonding of door-to-door salespeople. You must operate the Franchised Business according to all laws that apply to businesses generally, including federal, state, and local employment and health and safety laws and regulations. You must comply with all present and future laws and regulations that apply to the collection, dissemination, retention and use of personal information.

It is your responsibility to consult with your legal advisor regarding any and all laws which may apply to your business.

Item 2

BUSINESS EXPERIENCE

Manager, Chairman, and Chief Executive Officer: Joseph P. Urso

Mr. Urso has served as our Manager, Chairman and Chief Executive Officer since our inception. He has also served as Chairman and CEO of Aerus LLC since 1998. Mr. Urso holds similar titles with our affiliated entities. Mr. Urso maintains an office at our Dallas, Texas location.

Manager, Executive Vice President, Chief Legal Officer, and Secretary: Carl C. Christoff

Mr. Christoff has served as our Chief Legal Officer, Secretary, and Treasurer since January 2011, as our Manager since January 2006, and as our Executive Vice President since 2022. He has held various titles with us since 2006, including serving as our President from July 2005 through November 2010. Mr. Christoff also has served as Chief Legal Counsel of Aerus since 2011, and holds similar titles with our affiliated entities. Mr. Christoff maintains his office at our Dallas, Texas location.

Manager, President, Asst. Treasurer and Asst. Secretary: Kevin Hickey

Mr. Hickey has served as our Manager and Assistant Secretary since January 2006, our President since 2011, and our Assistant Treasurer since 2003. He served as our Chief Operating Officer from January 2006 until 2021. He has also served as President of Aerus since November 2010, and has held various other titles with Aerus since 2006, including Manager, Chief Operating Officer, Executive Vice President of Operations, Assistant Treasurer, and Assistant Secretary. Mr. Hickey holds or has held similar titles with our affiliated entities. Mr. Hickey maintains his office at our Dallas, Texas location.

Chief Financial Officer and Treasurer: Bret Holland

Mr. Holland has served as our Chief Financial Officer and Treasurer since 2015. Mr. Holland holds similar titles with our affiliated entities. He held other positions with us from 1998 until 2015. Mr. Holland maintains his office at our Dallas, Texas location.

Chief Revenue Officer and Executive Vice President: Philip Urso

Mr. Urso has served as our Chief Revenue Officer since January 2023 and as our Executive Vice President since March 2022. Mr. Urso holds similar titles with our affiliated entities. Previously, he served as our Executive Vice President of Strategy from April 2021 to March 2022 and as our Senior Vice President of Marketing and Business Development from April 2020 to March 2021. Mr. Urso maintains his office at our Dallas, Texas location.

Executive Vice President, Business Development: William ("Bill") J. Coyle

Mr. Coyle has served as our Executive Vice President of Business Development since January 2018. Mr. Coyle maintains his office at our Dallas, Texas location.

Vice President, Sales Operations: Jason Johnson

Mr. Johnson has served as the Vice President, Sales Operations of Aerus since September 2013. Mr. Johnson holds similar titles with certain of our affiliated entities. Since joining our predecessor in 1998, Mr. Johnson has held various titles. Mr. Johnson maintains his office at our Bristol, Virginia location.

Item 3

LITIGATION

Completed

Enviro Professionals, LLC v. Aerus Enterprise Solutions, LLC, DBG Group Investments, LLC d/b/a activTek Environmental; Joseph P. Urso; Kevin J. Hickey; Thomas L. Lozano; Carmel D. Lozano; and California High Speed Reproduction, Inc., (May 24, 2018) No. 2018CP-2800468, in the Court of Common Pleas for the Fifth Judicial District of South Carolina

Our affiliate Aerus Enterprise Solutions, LLC ("AES"), Joseph P. Urso and Kevin Hickey were named as defendants in a lawsuit filed by a former distributor of AES products, Enviro Professionals, LLC ("EnviroPro"). EnviroPro's claims included, among others: (1) civil conspiracy; (2) violation of the South Carolina Trademarks and Service Marks Act; (3) violation of the South Carolina Unfair Trade Practices Act; (4) breach of contract; (5) breach of contract accompanied by fraudulent act; (6) violation of the South Carolina Trade Secrets Act; (7) tortious interference with contractual relations; and (8) breach of fiduciary duty. AES disputed these claims and has sought to consolidate this South Carolina lawsuit with an arbitration proceeding related to the same set of facts pending with the American Arbitration Association in Dallas County, Texas. The damages sought by the plaintiff included injunctive relief, money damages, and attorneys' fees. The disputed issues largely center on (1) termination of the distributor

relationship between AES and EnviroPro, (2) whether EnviroPro is entitled to recover any unpaid commissions and (3) the parties' respective rights to use certain trademarks. By agreement, dated June 5, 2019, the parties settled this case, as well as all arbitration proceedings. The settlement agreement provided, among other things, that (a) AES pay $350,000 to one of the owners of EnviroPro, (b) EnviroPro agreed to sell AES all rights to all intellectual property (*e.g.*, trademarks, trade names, Internet domain names) owned or controlled by EnviroPro and relating to its business, and (c) one of EnviroPro's owners agreed to enter into a non-compete agreement that would prohibit him from, among other things, selling, marketing and distributing air purification, water purification and laundry treatment products, in exchange for a payment from AES. The case was dismissed on June 17, 2019.

Litigation Against Franchisees

During the last fiscal year, we initiated the following action against a former franchisee and its guarantors:

***Suit to Enforce Post-Term Obligations and Enjoin Trademark Infringement and Trade Secret Misappropriation*:**

Aerus Franchising, LLC v. Avacs, LLC & Joe Ardito, American Arbitration Association Case No. 01-25-0000-9771 (filed February 17, 2025). The parties entered into a settlement agreement dated November 5, 2025, wherein they agreed the parties' franchise agreement had expired June 14, 2024; the former franchisee (Avacs, LLC) and its owner (Joe Ardito) will pay us the outstanding balance owed to us for products not returned to us, and comply with the post-term obligations of the franchise agreement; Joe Ardito may (through a new venture) engage with our affiliate, Aerus Enterprises, LLC as a distributor; and Joe Ardito and Michelle Ardito will cease all use of our and our affiliates' trademarks and intellectual property, transfer to us an ActivePureUSA internet domain, delete an ActivePureUSA Facebook page, and assign an ActivePureUSA trademark application to our affiliate, ActivePure Medical, LLC. We dismissed the arbitration on November 12, 2025.

Other than the action listed above, no other litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

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

Item 5

INITIAL FEES

Good Faith Deposit and Initial Franchise Fee

We may require that you pay us a good faith deposit of $100, together with delivering to us a commitment letter, a sample of which is attached as Exhibit 7 to this Disclosure Document, before we will send an execution copy of the Franchise Agreement to you. The requirement of the $100

good faith deposit is dependent upon information disclosed to us in your application, such as work history, credit worthiness, previous franchise experience, references and/or previous work history with us or other Aerus franchisees. If we require the good faith deposit, it will be applied to the initial franchise fee and is only refundable if we choose not to enter into the Franchise Agreement with you. You must pay us the following non-refundable initial franchise fee at the time you sign a Franchise Agreement, which will vary depending on the type of Franchised Business you wish to operate:

Program	**Initial Franchise Fee (less the amount of any good faith deposit paid)**
Standard Program	$3,000
Associate Program	$1,000
Beyond Addendum (Standard Program)	$100
Beyond Addendum (Associate Program)	$100
Inventory (Standard Program)	$15,000 to $90,000
Inventory (Associate Program)	$5,000 to $20,000
Goodwill (Standard Program)	0 to $200,000
Goodwill (Associate Program)	0 to $25,000
Furniture, Fixtures, and Equipment (Standard Program)	$2,500 to $15,000
Furniture, Fixtures, and Equipment (Associate Program)	$2,000 to $5,000

We can require you to purchase required furniture, fixtures, and equipment (including the computer system) from us, our affiliate, or designated suppliers.

As an incentive to recruit new franchisees into the business, we may waive or discount the initial franchise fee. For franchises in certain states (including Maryland, Minnesota, New York, Virginia and Washington), a good faith deposit is not required and the initial franchise fee will be deferred until your business is open and operational.

The Beyond Addendum fee is only applicable to franchisees who sign a Beyond Addendum. If you sign a Beyond Addendum, you will pay to Company the initial fee payable by franchisees operating under the Standard Program ($100) or by franchisees operating under the Associate Program ($100) (the "Beyond Fee"). The Beyond Fee is non-refundable and will due and payable upon execution of the Beyond Addendum.

Inventory

You will be required to maintain an inventory of Consigned Products and aftermarket and service parts. You will purchase the aftermarket and service parts from us, one of our affiliates, or designated suppliers. You will pay to us or one of our affiliates a Security Deposit equal to 88%

of the total Standard Allocation for all Consigned Products provided to you. The Security Deposit is payable upon signing the Franchise Agreement, but generally collected prior to your receipt of the Consigned Products. The amount of the Security Deposit will vary, depending upon what Consigned Products are in your inventory and the Standard Allocation for such Consigned Products. The Standard Allocation is the amount you are required to remit to us or our affiliate upon your sale of Consigned Products. The Standard Allocation is based upon your sales volume and whether you participate in the Standard Program or the Associate Program. The estimated range for aftermarket and service parts and the Security Deposit for Consigned Products is $15,000 to $90,000 under the Standard Program and $5,000 to $20,000 under the Associate Program.

We or our affiliate will hold the Security Deposit as security against all monies that you owe us or our affiliates, including payment of all fees due and debts incurred under the Franchise Agreement (including your indemnification obligations). We or our affiliates may offset against the Security Deposit all monies that you owe to us or our affiliates. We will provide you notice of any offsets made. If such an offset is made, you must immediately replenish the Security Deposit. We have no obligation to maintain the Security Deposit in a separate account, and we may co-mingle the Security Deposit with any of our accounts or funds. You are not entitled to any interest on the Security Deposit. You may need to increase the Security Deposit from time to time depending on your inventory requirements for Consigned Products. If the Standard Allocation for any Consigned Product in your possession increases, you may be required to increase the amount of your Security Deposit.

Purchase of an Existing Aerus Business

Inventory (Standard Program)	$15,000 to $90,000
Inventory (Associate Program)	$5,000 to $20,000
Goodwill (Standard Program)	0 to $200,000
Goodwill (Associate Program)	0 to $25,000
Furniture, Fixtures, and Equipment (Standard Program)	$2,500 to $15,000
Furniture, Fixtures, and Equipment (Associate Program)	$2,000 to $5,000

If you are purchasing an existing Aerus Business from our affiliate, you will also enter into an asset purchase agreement on mutually acceptable terms. You will pay to our affiliate the negotiated purchase price for the assets of the business you will be acquiring. Under the Standard Program the purchase price for business assets generally range from $2,500 to $215,000 which includes (1) goodwill, including any phone numbers and pre-paid advertisements ($0 to $200,000) and (2) fair market value of furniture, fixtures and equipment ($2,500 to $15,000). Under the Associate Program the purchase price for business assets generally range from $2,000 to $30,000 which includes (1) goodwill, including any phone numbers and pre-paid advertisements ($0 to $25,000) and (2) fair market value of furniture, fixtures and equipment ($2,000 to $5,000). The value of goodwill depends on such factors as the geographic location of the Aerus Business, the amount of time the Aerus Business has existed in its general location and the number of customers serviced by the Aerus Business.

If you are purchasing an existing Aerus Business from our affiliate, you may also enter into a sublease or assignment of lease for the premises of the Franchised Business. Rent and other charges will vary among locations under the Premises Sublease, and will depend primarily on the terms of the underlying real estate lease.

Sponsors

We may pay fees to existing franchisees (sometimes referred to as "Sponsor") for referring or recommending potential franchisee or distributor candidates to us. Such fees to Sponsor may include recurring monthly fees and product credits based on your performance (ranging from $5 to $100 per product sold by you). These fees will only be earned and paid to Sponsor if the candidate is actually awarded a franchise to operate an Aerus Business or right to distribute Aerus products.

Sponsor is not authorized to act as our agent or franchise broker and is not instructed to provide any information to prospects. Similarly, neither Sponsor nor any other franchisee is authorized to (1) award franchises of Aerus Business; (2) make any claims or representations regarding the operation of the Aerus Business; or (3) alter, amend, modify, interpret or change any aspect of the Franchise Agreement or our Franchising Programs. You should not rely on any statements, claims, or representations which may have been made to you by Sponsor or other franchisees.

In certain circumstances, we may reduce initial fees and finance initial fees for our existing franchisees, people working for our existing franchisees and franchisees opening or operating multiple locations. Last year, the initial fees ranged from approximately $5,000 to $16,000.

Except as described above, initial fees are uniformly imposed and nonrefundable and we do not offer financing for the initial franchise fees.

Item 6

OTHER FEES

Other Fees Under the Standard Program

Type Of Fee	Amount	Due Date	Remarks
Standard Allocation	The Standard Allocation is established by us (in the Manuals or otherwise in writing) and will vary based upon the franchise program you elect and your sales volume.	Promptly upon sale.	You must remit to us or our Affiliate the Standard Allocation for the Consigned Products sold. You may be required to pay to us or our Affiliate, the full Standard Allocation, as if a sale had occurred for any Consigned Products held in your inventory for 90 days or longer.

Type Of Fee	Amount	Due Date	Remarks
Security Deposit	88% of the Standard Allocation for all Consigned Products held in your inventory. Amount will vary depending upon Consigned Products held in inventory and your sales volume.	On demand.	You may be required to increase the amount of your Security Deposit in the event the Consigned Products held in your inventory increases or in the event the Standard Allocation for such Consigned Products increases.
Shipping and Handling	Negotiated – Varies per shipment.	Payable directly by you to the third-party shipping company per their terms.	You may be required to use third party shipping companies designated by us. We currently do not charge handling fees. We reserve the right to institute such fees in the future.
Restocking Fee	15% of Standard Allocation.	As prescribed in the Manuals or otherwise in writing.	Payable for all Consigned Products which you return to us or our affiliate in accordance with the Manuals. Fee varies based upon your Standard Allocation and Consigned Product returned.
Administration and Technical Support Fee	$500 per month per Approved Location (except Satellites and Licensed Outlets which are $100 each per month), subject to a maximum of $1,500 per month.	Monthly, currently collected on the 5th of each month, as prescribed in the Manuals or otherwise in writing.	This fee is for administrative and technical support provided to you by the Company, namely our standard software and communication package, which may include a customer database and lead management software package.
Minimum Local Advertising Expense	An amount equal to at least 2% of Gross Sales.	Payable directly by you.	You must spend at least this amount on local advertising, marketing and promotional activities.
System Media Fund Fee	Currently $0 (3% of Gross Sales if System Media Fund is established).	Monthly as prescribed in the Manuals or otherwise in writing.	Applicable only if installed by us. The System Media Fund is an advertising program designed to facilitate media market spending. Although we do from time to time conduct limited advertising on national or regional basis, we have not imposed the System Media Fund and do not currently charge this fee.
Interest	Lesser of 1½% per month or maximum rate allowed by applicable law.	On demand.	Interest may be charged on all overdue amounts.
New Location Fee	$100	Upon notification by you of your request to open or acquire an additional Approved Location.	This fee is payable for any new or acquired location under your franchise or which you license through your franchise.

Type Of Fee	Amount	Due Date	Remarks
Relocation Fee	$100	Upon notification by you of your request to move or relocate an Approved Location.	This fee is payable for any relocated location under your franchise or which you license through your franchise.
Transfer Fee	$100	Upon notification by you or your principals of their intent to transfer.	This fee is payable for any transfer of (i) all or any portion of an ownership interest in franchisee or (ii) an Approved Location.
Closure Fee	$100	Upon notification by you of your request to close a location.	This fee is payable for any closed location under your franchise.
Renewal Fee	$100	Upon notice of your intent to renew.	See Item 17.
Type Of Fee	Amount	Due Date	Remarks
Royalty	8% of the Gross Sales (as defined below this table). Subject to increase upon 90 days' notice to you, provided that the Royalty will not exceed 12% of your monthly Gross Sales.	Monthly or more frequently as prescribed in the Manuals or otherwise in writing.	For purposes of calculating the royalty, Gross Sales will be determined according to the definition below this table, provided that the sum will be limited to the total selling price of (i) all services performed, (ii) certain service, labor and aftermarket parts, supplies and accessories (all as set forth in the Manuals) and (iii) the service component of all package sales involving both Consigned Product and service (as set forth in the Manuals).
Premises Sublease Rental Fee	Negotiated.	Monthly, prior to the 1st day of each month.	Applies only when you purchase an existing Aerus Business from us or our affiliate.
Contest Participation Fees	Our then-current fee, generally 50% of the actual costs or Standard Allocation for participants affiliated with the Franchised Business.	Upon receipt of invoice from us or as prescribed in the Manuals or otherwise in writing.	See Item 11. The amount of this fee will depend on the number, if any, of contest winners from your Franchised Business and could range from $0.00 to more than $5,000.
Legal Fees and Indemnification	Actual loss, fees, and costs incurred.	On demand.	You and your principals must pay all damages and expenses, including the legal costs We incur in connection with, among other things, your breach of the Franchise Agreement and indemnify us when certain of your actions result in loss to us.

Type Of Fee	Amount	Due Date	Remarks
Liquidated Damages	$5,000 per occurrence for breach of confidentiality covenants; $1,500 per day for breach of noncompetition covenants.	On demand.	See Exhibit 2(a) and (b), Franchise Agreement Section 6.D. and 18.D.
Penalties	$1,000-$5,000, depending on the type of breach and frequency of prior breaches.	On demand.	See Exhibit 2(a) and (c), Franchise Agreement, Section 15.D.
Customer Data Fee	$0 to $100	Upon signing the Franchise Agreement and/or renewal	See Item 14 and Exhibit 2(a) and (c), Franchise Agreement, Section 5.A. We own and maintain a database of customer information ("Customer Data"). We may make available for use by you on a limited, non-exclusive basis that part of the Customer Data that is pertinent to your Area of Responsibility. The amount of this fee will depend on the amount of Customer Data that is pertinent to your Area of Responsibility.

Other Fees Under the Associate Program

Type Of Fee	Amount	Due Date	Remarks
Standard Allocation	As established by us in the Manuals or otherwise in writing. Amount will vary depending upon your sales volume.	Promptly upon sale.	You must remit to us or our Affiliate the Standard Allocation for the Consigned Products sold. You may be required to pay to us or our Affiliate, the full Standard Allocation, as if a sale had occurred for any Consigned Products held in your inventory for 90 days or longer.
Security Deposit	88% of the Standard Allocation for all Consigned Products held in your inventory. Amount will vary depending upon Consigned Products held in inventory and your sales volume.	On demand.	You may be required to increase the amount of your Security Deposit in the event the Consigned Products held in your inventory increases or in the event the Standard Allocation for such Consigned Products increases.
Shipping and Handling	Negotiated – Varies per shipment.	Payable directly by you to the third-party shipping company per their terms.	You may be required to use third party shipping companies designated by us. We currently do not charge handling fees. We reserve the right to institute such fees in the future.

Type Of Fee	Amount	Due Date	Remarks
Restocking Fee	15% of Standard Allocation.	As prescribed in the Manuals or otherwise in writing.	Payable for all Consigned Products which you return to us or our affiliate in accordance with the Manuals Fee varies based upon your Standard Allocation and Consigned Product returned.
Administration and Technical Support Fee	$250 per month for each Approved Location.	Monthly as prescribed in the Manuals or otherwise in writing.	This fee is for administrative and technical support provided to you by the Company, namely our standard software and communication package, which may include a customer database and lead management software package.
Minimum Local Advertising Expense	An amount equal to at least 2% of Gross Sales.	Payable directly by you.	You must spend at least this amount on local advertising, marketing and promotional activities.
System Media Fund Fee	3% of Gross Sales.	Monthly as prescribed in the Manuals or otherwise in writing.	Applicable only if installed by us. The System Media Fund is an advertising program designed to facilitate media market spending. Although we do from time to time conduct limited advertising on national or regional basis, we have not imposed the System Media Fund and do not currently charge this fee.
Interest	Lesser of 1½% per month or maximum rate allowed by applicable law.	On demand.	Interest may be charged on all overdue amounts.
Relocation Fee	$100	Upon notification by you of your request to move or relocate an Approved Location.	This fee is payable for any relocated location under your franchise or which you license through your franchise.
Transfer Fee	$100	Upon notification by you or your principals of their intent to transfer.	This fee is payable for any transfer of (i) all or any portion of an ownership interest in franchisee or (ii) an Approved Location.
Closure Fee	$100	Upon notification by you of your request to close a location.	This fee is payable for any closed location under your franchise.
Renewal Fee	$100	Upon notice of your intent to renew.	See Item 17.

Type Of Fee	Amount	Due Date	Remarks
Royalty	8% of Gross Sales (as defined below this table). Subject to increase upon 90 days' notice to you, provided that the Royalty will not exceed 12% of your monthly Gross Sales.	Monthly or more frequently as prescribed in the Manuals or otherwise in writing.	For purposes of calculating the royalty, Gross Sales will be determined according to the definition below this table, provided that the sum will be limited to the total selling price of (i) all services performed, (ii) certain service, labor and aftermarket parts, supplies and accessories (all as set forth in the Manuals) and (iii) the service component of all package sales involving both Consigned Product and service (as set forth in the Manuals).
Premises Sublease Rental Fee	Negotiated.	Monthly, prior to the 1st day of each month.	Applies only when you purchase an existing Aerus Business from us or our affiliate.
Contest Participation Fees	Our then-current fee, generally 50% of the actual costs or Standard Allocation for participants affiliated with the Franchised Business.	Upon receipt of invoice from us or as prescribed in the Manuals or otherwise in writing.	See Item 11. The amount of this fee will depend on the number, if any, of contest winners from your Franchised Business and could range from $0.00 to more than $5,000.
Legal Fees and Indemnification	Actual loss, fees, and costs incurred.	On demand.	You and your principals must pay all damages and expenses, including the legal costs We incur in connection with, among other things, your breach of the Franchise Agreement and indemnify us when certain of your actions result in loss to us.
Liquidated Damages	$5,000 per occurrence for breach of confidentiality covenants; $1,500 per day for breach of noncompetition covenants.	On demand.	See Exhibit 2(b) and (d), Franchise Agreement Section 6.D. and 18.D.
Penalties	$1,000-$5,000, depending on the type of breach and frequency of prior breaches.	On demand.	See Exhibit 2(b) and (d), Franchise Agreement, Section 15.D.

Type Of Fee	Amount	Due Date	Remarks
Customer Data Fee	$0 to $100	Upon signing the Franchise Agreement and/or renewal	See Item 14 and Exhibit 2(a) and (c), Franchise Agreement, Section 5.A. We own and maintain a database of customer information ("Customer Data"). We may make available for use by you on a limited, non-exclusive basis that part of the Customer Data that is pertinent to your Area of Responsibility. The amount of this fee will depend on the amount of Customer Data that is pertinent to your Area of Responsibility.

The term "Gross Sales" as used in the above-referenced tables means the total selling price of all services and products and all income of every other kind and nature related to the Franchised Business (including, without limitation and to the extent applicable, the total selling price of the Consigned Products and income related to repair services, accessories and spare parts), whether for cash or credit and regardless of collection in the case of credit. Under no circumstances will Franchisee's expenses, including third party delivery expenses, be deducted from Gross Sales. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the electronic cash register system or point-of-sale system and any cash shortage will not be considered in the determination of Gross Sales. Gross Sales will, however, expressly exclude the following:

(1) Sums representing sales taxes collected directly from customers by Franchisee in the operation of the Franchised Business, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against Franchisee by any Federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Franchised Business, provided that such taxes are actually transmitted to the appropriate taxing authority;

(2) The exchange of merchandise among Approved Locations, if more than one Approved Location is operated by Franchisee, where such exchanges are made solely for the convenient operation of the Franchised Business;

(3) Company-approved discounts and trade-ins for the purchase of Consigned Products only;

(4) Returns to shippers or manufacturers of any products returned to Franchisee by a retail customer, where the sale of such product by Franchisee was previously included in Gross Sales; and

(5) Proceeds from isolated sales of trade fixtures not constituting any part of the Products nor having any material effect upon the ongoing operation of the Franchised Business required under the Franchise Agreement.

We may, from time to time, authorize certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by us at our option.

All fees, except as otherwise provided, are imposed, collected by and paid to us or our affiliate. All fees are nonrefundable.

Item 7

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

(STANDARD AND ASSOCIATE PROGRAMS)

Type of Expenditure	Estimated Cost – Standard Program	Estimated Cost – Associate Program	Method of Payment	When Due	To Whom Payment is to be made
Initial Franchise[1] Fee	$3,000	$1,000	Lump Sum	At Signing of Franchise Agreement	Us
Good Faith Deposit Fee[2]	$0 to $100	$0 to $100	Lump Sum	As Arranged	Us
Beyond Addendum[2] Fee	$0 to $100	$0 to $100	Lump Sum	As Arranged	Us
Leasehold Improvements[3]	$0 to $15,000	$0 to $5,000	As Arranged	As Arranged	Other Suppliers; Contractors
Furniture Fixtures and Equipment[4]	$2,500 to $15,000	$2,000 to $5,000	As Arranged	As Arranged	Us, our affiliate or Other Suppliers
Vehicle[5]	$0 to $8,440	$0 to $8,440	As Arranged	As Arranged	Suppliers
Initial Inventory (supplies, consigned products, spare parts, etc.)[6]	$15,000 to $90,000	$5,000 to $20,000	Lump Sum and As Arranged	Upon Placement of Order and As Arranged	Us, our affiliate, or Other Suppliers
Pre-Opening Training Expenses[7]	$1,000 to $7,000	$1,000 to $7,000	As Arranged	As Arranged	Airline, Hotel, Restaurants, etc.
Supplies (stationary, business cards, etc.) (for 3 months)	$100 to $600	$100 to $600	As Arranged	As Arranged	Suppliers
Permits & Licenses	$50 to $200	$50 to $200	Lump Sum	As Arranged	Licensing Authorities
Insurance deposits and Premiums (for first year)[8]	$1,500 to $2,000	$1,500 to $2,000	Lump Sum	As Arranged	Insurers
Architect Fees	$0 to $5,000	$0 to $2,000	As Arranged	As Arranged	Architect
Other Professional Fees	$500 to $1,000	$500 to $1,000	As Arranged	As Arranged	Attorneys, Accountants, etc.
Site Lease (for 3 months)[9]	$500 to $10,000	$500 to $3,000	Lump Sum	Monthly	Landlord
Utility Deposits	$350 to $450	$350 to $450	Lump Sum	As Arranged	Utility Companies

Type of Expenditure	Estimated Cost – Standard Program	Estimated Cost – Associate Program	Method of Payment	When Due	To Whom Payment is to be made
Advertising and Promotion	$0 to $5,000	$0 to $2,500	As Arranged	As Arranged	Suppliers, Media, etc.
Signage	$1,000 to $5,000	$1,000 to $2,500	As Incurred	As Incurred	Signage Suppliers
Additional Funds (3 months)(10)	$5,000 to $50,000	$3,000 to $10,000	As Incurred	As Incurred	Employees, Suppliers
Goodwill(11)	$0 to $200,000	$0 to $25,000	Lump Sum	At Close	Us and Our affiliates
TOTALS	$30,500 to $417,890	$16,000 to $95,890			

Notes: Your estimated initial investment will vary depending upon if you choose the Standard Program or the Associate Program. Except as otherwise noted in this Disclosure Document, all fees payable to us are non-refundable. The above estimates reflect tariffs in effect as of the Issuance Date.

Note 1. See Item 5 of this Disclosure Document for more information about the initial franchise fee. In limited circumstances, we will finance or reduce the initial franchise fee. See Item 10 for more details about financing of initial franchise fees.

Note 2. The Good Faith Deposit Fee is at our discretion. See Item 5. The Beyond Fee is only applicable to franchisees who sign a Beyond Addendum.

Note 3. The cost of leasehold improvements will vary depending on the condition and size of the site, the local cost of contract work, and the location of the Franchised Business, and zoning requirements. The high estimated figures include remodeling walls, ceilings, floors, and other construction including electrical and carpentry work. The low estimate assumes that the leasehold is in suitable operating condition immediately on your taking possession of the premises and/or that the landlord will make the leasehold improvements and amortize their cost over the term of the lease.

Note 4. The furniture, fixtures and equipment that you will be required to purchase or lease will vary depending on the size of the premises and the type of Franchised Business you choose to operate. We require a standard interior decor style. This estimate also includes the cost of the required computer system, as well as high-speed internet access, printer, scanner, fax, and bar code scanner.

Note 5. The low end of our estimate includes fuel, maintenance expenses and car payments for three months for an existing vehicle, and the high end of our estimate includes a 10% down payment for a new vehicle and three months of payments. We do not require a vehicle and vehicle wrap under either the Standard or Associate Programs, however, it may be desirable to have one.

Note 6. Opening inventory of products and supplies will vary based on your expected volume of business, the size of your premises, and the size of any storage areas on the premises. You will order an initial inventory of Consigned Products. The estimate above includes your Security Deposit for an initial supply of Consigned Products, which Security Deposit is fully earned and payable according to the Manuals at the time of signing of the Franchise Agreement. Also included in the estimate is the cost of an initial supply of parts and supplies. See Item 8 of this Disclosure Document for more information about your purchase requirements.

Note 7. This amount represents our estimate of transportation and living expenses for two trainees attending our initial training program in Dallas, Texas. You will be responsible for paying these expenses. The high end of our estimate includes the extra week of initial training required if you sign a Beyond Addendum. Please see Item 11.

Note 8. The estimated cost of annual premiums for the insurance policies required by the Franchise Agreement will vary based on your location, and the claims experience of commercial businesses in the area, as well as your claims experience in other businesses you operate.

Note 9. You must purchase or lease a retail location for your Franchised Business. We recommend that you lease a space with approximately 1,500 to 2,000 square feet, depending on the type of Franchised Business you choose to operate. The leased space should preferably be located in a strip shopping center. This estimate presumes you will lease a space, and includes the cost of rent, security deposits, and other charges during the first three months of operations. The cost of purchasing or leasing space will vary depending on location. You should consult with a real estate broker and/or other professional in your area to assess the typical leasing costs for your target market area.

Note 10. The range in the chart reflects the estimated amount of working capital you will need during your first 3 months of operation to pay for additional expenses not itemized above, including, among other things, labor and supplies. The estimates described above were compiled based upon our or our affiliate's 80+ years' experience in establishing and operating businesses similar to the Aerus Businesses, and on the actual experience of existing franchisees in the System in operating under the Standard and Associate Programs since 2002 and 2007, respectively.

Note 11. This amount applies only when you are purchasing an existing Aerus Business from us or one of our affiliates. Location, length of time in the space or market and financial performance varies significantly, so the value of goodwill also varies significantly. We or our affiliates may offer financing for this amount to qualified franchisees. Please see Item 10 of this Disclosure Document for details of any available financing.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business in strict conformance with our methods, standards, and specifications, which we will prescribe in the Franchise Agreement, the Manuals, and in other written documents. We may periodically modify our standards and specifications relating to the operation of an Aerus Business including, for example: standards and specifications for Products,

Product components, spare parts and other inventory, supplies, signage, equipment; consignment policies; sales and service policies; product warranties; and related standards, by written notice to you or through changes in the Manuals.

Required Purchases

You must purchase or lease, install and maintain all of the Products, Product parts and components, fixtures, furnishings, equipment (including electronic cash register, or computer hardware and software and administration systems and satellite communications systems), décor items, signs, uniforms and related items that we prescribe in the Manuals or otherwise in writing, which will be made available to you prior to signing the Franchise Agreement. You must obtain our written consent prior to installing or permitting to be installed any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items not previously authorized by us. We will promptly furnish to you, on your written request, our then-current standards and specifications applicable to any equipment, supplies, or other products we require, to the extent the standards and specifications do not constitute our trade secrets.

Approved and Designated Suppliers

We have the right to require you to purchase certain approved products and services from us, our affiliates, or other suppliers or providers approved or designated by us, including, for example, Products and other inventory items and supplies, payment processing services, advertising materials, stationery and other printed materials, Product repair equipment, computer hardware and software, electronic cash register and point of sale systems, consumer financing services, approved location décor and signage, and other goods or services necessary to operate a Franchised Business. We and/or our affiliates are presently the designated supplier of Consigned Products and other Products, Product components and parts, related accessories, and approved proprietary computer hardware and software programs. Except for certain of our officers' ownership interests in us and our affiliates, our officers do not have an ownership interest in any of our approved or designated suppliers. We derive, and our affiliates may derive, revenue as a result of required purchases or leases by franchisees. Neither we nor any of our affiliates receive rebates from third parties as result of required purchases or leases by franchisees.

We do not currently require you to establish or maintain a website, and you may not establish a website, nor offer or promote or sell any products or services or make any use of the Marks, through the Internet without our prior written approval. If we grant you approval to establish and maintain your own website and you elect to do so, you must use a supplier designated by us in connection with the Website and you must pay such supplier's then-current fee. Currently, the sole approved supplier in connection with franchisee websites is TownSquare Interactive, which currently charges a fee ranging from approximately $200 per month to approximately $485 per month depending on the specific services the franchisee elects and the number of locations the franchisee operates.

During our fiscal year ended December 31, 2025, we realized approximately $13.12 million of revenue from required purchases and leases by franchisees, primarily consisting of franchisee purchases of Consigned Products and service and aftermarket parts and accessories. This revenue accounted for approximately 91% of our total revenue of approximately $14.37 million in 2025.

Our affiliates did not derive any revenue from purchases and leases by franchisees during the fiscal year ending December 31, 2025.

We estimate that required purchases and leases will account for up to 90% of all of your purchases and leases necessary to open a Franchised Business, and up to 80% of your ongoing costs to operate a Franchised Business.

We do not have any purchasing or distribution cooperatives. While we do not presently do so, we may in the future negotiate purchasing arrangements with suppliers of approved and designated goods and services. We do not provide any material benefits such as renewal rights or additional franchises to you if you buy from sources we approve.

Consigned Products and Related Warranties

Most of the Products in your inventory will be Consigned Products which we or our affiliates own. Before the consummation of a sale with an Approved Customer, we or our affiliate, as applicable, will sell the Consigned Product to you for resale to the Approved Customer. If this ownership arrangement is not permitted under applicable law, you will grant us a continuing security interest in all owned or otherwise acquired Consigned Products and their proceeds. You must execute a Security Agreement in the form attached as Exhibit III to each of the Franchise Agreements in order to secure and perfect our security interest in any Consigned Products. You are prohibited from holding any direct or indirect equity interest in the Consigned Products and must refrain from voluntarily or involuntarily granting any third party a direct or indirect equity interest, including any pledge, lien, or other encumbrance, in the Consigned Products without us or our affiliate's prior written approval. You must at all times ensure that the Consigned Products are maintained at a secure site within an Approved Location which is not accessible to the public until they are delivered to Approved Customers. You may, however, remove Consigned Products from the Approved Location as needed for sales demonstrations, in the manner we specify in writing in the Manuals or otherwise. You must return to us or our designee all Consigned Products immediately upon request.

We will designate the price for Consigned Products offered for sale at your Aerus Business, and must approve all forms of sales contracts, warranties, and service contracts before they are offered to customers. You may not modify or otherwise alter approved forms of sales contracts, warranties, or service contracts without our prior written consent. All rebates and discounts offered in connection with Consigned Products must be offered according to our guidelines, as set forth in the Manuals or otherwise in writing. You must immediately pay the Standard Allocation for all Consigned Products when they are sold by or through the Franchised Business during each time period which we or our affiliate designate in the Manuals or otherwise in writing.

Before you open your Franchised Business, you must order an initial inventory of Consigned Products, and pay the applicable Security Deposit. You may order additional Consigned Products as specified in the Manuals on an ongoing basis. We or our affiliate are not obligated to replenish your inventory of Consigned Products or provide any other goods to you if you are in default under the Franchise Agreement, or fail to pay any additional Security Deposits necessary to support the order requested. You must at all times maintain such inventory levels as may be designated in the Manuals.

We or our affiliate offer certain warranties in connection with Consigned Products for the benefit of Approved Customers (the "Franchisor Consumer Warranties"). Neither you, nor any of your Outlet Licensees or sales representatives, may represent or suggest that we or our affiliate have or will provide any warranty, express or implied, other than the Franchisor Consumer Warranty. You may not extend the Franchisor Consumer Warranty or provide or offer additional warranties above and beyond the Franchisor Consumer Warranty. You must honor and provide service in connection with any Franchisor Consumer Warranty. Under the Associate Program, if you are not required to maintain a service and repair center at your Approved Location, your obligations to provide service in connection with any Franchisor Consumer Warranty must be met by entering into a contractual arrangement (approved by us) with an existing owner of an Aerus Business.

Alternative Product, Service, or Supplier Approval Processes

Our specifications for products, service, or suppliers are generally issued through written communications and are available to franchisees and approved suppliers. To obtain approval of a previously unapproved product, service, or supplier, you must submit a written request and provide additional information which we may request. We may test the product or service as part of our evaluation. We do not impose a fee for product, service, or supplier approval requests. We will have 90 days from the date we receive all of the requested information regarding the proposed product, service, or supplier within which to notify you of our approval or disapproval, which we will provide in writing. We are not obligated to approve any proposed product, service, or supplier. We may base our approval of any proposed product, service, or supplier, on considerations not only relating directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operations we deem necessary or desirable in our System as a whole.

Approved Locations and Service and Repair Centers

You must purchase or lease an Approved Location from which to operate your Franchised Business. You must obtain our approval of your proposed location before you sign a purchase or lease agreement. Under your Franchise Agreement, if you lease a location for your Franchised Business, we may require you and your landlord to sign a lease rider, through which your landlord will grant us the right to assume your rights and obligations under the lease if you breach the lease agreement or your Franchise Agreement. A sample lease rider is attached as Exhibit 1 to each Franchise Agreement.

Under the Standard Program, you must maintain a service and repair center (in accordance with the Manuals) in all Approved Locations. Satellites and Licensed Outlets are not required to maintain on-site service and repair centers so long as repair, maintenance and service obligations can be adequately and timely provided from another affiliated Approved Location.

In limited circumstances, under the Associate Program, you may be permitted to outsource repair and maintenance services to another Aerus Business, and avoid establishing a repair, maintenance, and service center in your Approved Location. We must approve your contractual arrangement with the other Aerus Business.

All Approved Locations must be maintained in an attractive, clean, orderly, and sanitary manner, and must be merchandised according to our standards and specifications. All furniture, fixtures, equipment, and displays must be maintained in good order and repair.

Insurance

You must obtain and maintain the amounts and types of insurance that we specify in the Manuals in connection with the operation of a Franchised Business. We currently require a minimum of $1,000,000 in coverage for all lines of insurance. The Manuals will be made available to you prior to signing the Franchise Agreement. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration.

Advertising

Under the Franchise Agreement, you must submit samples of all advertising and promotional materials to us for approval prior to use. We will notify you of our approval of any advertising materials within 15 days of receipt. No advertisement or promotional material may be placed outside the Area of Responsibility, as applicable, and you may not conduct any national or international advertising of any kind. You must advertise at all times in the manner designated by us in the Manuals or otherwise in writing, using formats approve by us in advance.

Vehicle Leases

Any vehicle used in connection with your Franchised Business, including vehicles used by sales representatives and Outlet Licensees to deliver Products to Approved Customers, must be clean and in good repair.

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. In the following chart, "FA" means the Franchise Agreement, and "BA" means the Beyond Addendum.

Obligation	Section in the FA and/or BA	Disclosure Document Item
a. Site selection and acquisition/lease	FA: § 1	Items 7 and 11
b. Pre-opening purchases/leases	FA: § 1	Items 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: §s 1 and 3	Item 11

Obligation	Section in the FA and/or BA	Disclosure Document Item
d. Initial and ongoing training	FA: § 8 BA: § 6	Items 11
e. Opening	FA: § 6	Item 11
f. Fees	FA: § 7 and Schedule 3 BA: § 5	Items 5, 6 and 7
g. Compliance with standards and policies/Manuals	FA: § 8 BA: § 3	Items 7, 8, 11, 15 and 16
h. Trademarks and proprietary information	FA: §s 1 and 3 BA: § 2	Items 13 and 14
i. Restrictions on products/services offered	FA: §s 1, 3, 6, 7 and 10	Items 8 and 16
j. Warranty and customer service requirements	FA: §s 8 and 10	Item 16
k. Territorial development and Minimum Sales Requirement	FA: § 1 and 8 and Schedules 1 and 4	Item 12
l. Ongoing product/service purchases	FA: § 8	Items 6, 8 and 11
m. Maintenance, appearance and remodeling requirements	FA: § 8	Items 8 and 11
n. Insurance	FA: § 12	Items 7 and 8
o. Advertising	FA: § 8 and 11	Items 8 and 11
p. Indemnification	FA: § 17	Item 6
q. Owner's participation/ management/ staffing	FA: § 1, 6 and 8	Items 1, 11 and 15
r. Records and reports	FA: § 8 and 13	Not Applicable
s. Inspections and audits	FA: § 8 and 13	Not Applicable
t. Transfer	FA: § 19 and Addendum C	Items 6 and 17
u. Renewal or Extension of Rights	FA: § 2 and Schedule 1	Items 6 and 17
v. Post-termination obligations	FA: § 3, 6, 11, 15, 17, and 18 BA: § 7	Items 6 and 17
w. Noncompetition covenants	FA: § 6	Item 17
x. Dispute resolution	FA: § 16	Items 6 and 17
y. Use of Customer Data	FA: § 5	Item 14
z. Use of Software and Administration Systems	FA: § 4	Item 14
z. Beyond Program	Beyond Program Addendum, Exhibit 2(c) of this Disclosure Document	Items 1, 5, 6, 7, 8, 11, 12, 22

Item 10

FINANCING

We are not obligated to offer financing to any franchisee. However, we or our affiliates may offer financing for (i) initial fees, (ii) Security Deposit, (iii) accessories, parts and supplies purchased from us or our affiliate, and (iv) the purchase of the assets of any existing Aerus Business that you may be acquiring from us or one of our affiliates. The amount financed and the terms of the financing will vary, based upon, among other things, the performance of the Aerus Business as measured by the number of Products sold, the goodwill associated with the location and your creditworthiness.

We anticipate that you will make an initial down payment ranging from approximately $2,500 to $50,000. The balance will be paid in equal monthly installments until paid in full or as we or our affiliates may otherwise determine. The debt may be pre-paid without penalty. If you default under your payment obligations, we may terminate the Franchise Agreement. If you finance any amount, you must sign a secured promissory note ("the Note") in the form attached to this Disclosure Document as part of Exhibit 3. The Note will be guaranteed by any principals of the Franchised Business in the following cases: (i) fraud or misrepresentation in connection with the execution or performance of the Franchise Agreement, the Note or any other financing agreements; (ii) theft or conversion of the assets of us or any of the our affiliates including any consigned goods or proceeds from the sale of any consigned good (which may include selling such consigned goods at prices below the required prices); misuse or infringement of any trademark or other item of intellectual property or right owned or licensed by us or any of our affiliates; or (iii) breach or violation of any license granted under the Franchise Agreement concerning such trademarks and intellectual property. Additionally, you will be required to execute a Security Agreement and Guarantee (in the forms attached to this Disclosure Document as part of Exhibit 3), financing statement and any other related documents as necessary or reasonable to protect and perfect the interest of us or our affiliate, as lender. The Note will bear interest from 0% to 7% per annum (or the maximum rate permitted by applicable law, whichever is less) and will have a term ranging from one to five years.

The following table summarizes the previous paragraph:

Item Financed	Asset Purchase, Security Deposit, Initial Fees, Parts and Supplies
Initial Payment	At least $2,500
Term (Yrs.)	1 to 5 years
APR (%)	0% to 7% (or the maximum rate permitted under applicable law, whichever is less)
Monthly Payment	Level payments based on an amount financed
Prepay Penalty	None, you may prepay all amounts owed without penalty
Security Required	Limited Personal Guaranty and perfected security interest in assets purchased under the Standard or Associate Programs.
Liability Upon Default	Accelerated balance, late fee equal to 5% of any overdue amount, termination of Franchise Agreement; interest, attorneys' fees and collection costs, foreclosure on secured assets
Loss of Legal Right On Default	Waive demand for payment, presentment, protest, notice of protest and non-payment, or other notice of default, notice of acceleration and intention to accelerate or any other notice

Except in very limited circumstances, the inventory security deposit and initial franchise fee must be paid in cash and neither we nor an affiliate will finance the Security Deposit or the Initial Franchise Fee.

The Note is governed by Texas law. See Exhibit 3. Events of default under the Note include: (i) failure to pay amounts within 5 days of the due date; (ii) fraud or misrepresentation in connection with the execution of or performance under the Franchise Agreement, the Note or any other financing agreements; (iii) theft or conversion of our assets or any of the assets of our affiliates, including any Consigned Products or proceeds from the sale of any Consigned Products (which may include selling Consigned Products at prices below the required prices); (iv) misuse or infringement of any trademark or other item of intellectual property or right owned or licensed by us or any of our affiliates; (v) bankruptcy or insolvency of you or your guarantors; (vi) default under any Franchise Agreement with us; and (vii) default under any agreement, document, or instrument or any franchise or other agreement entered into with us or our affiliates, which default or breach continues beyond any period of grace therein provided.

We and our affiliates do not sell, assign, or discount to a third party all or part of any financing offered. We do not receive any consideration for any financing you place with a third party lender.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations: Before you open your Franchised Business:

1. We will provide to you a copy of the Manuals prior to the Opening Date during the initial training. (Franchise Agreement Section 1).

2. We will identify any modifications or improvements to the premises of any Approved Location, if any, which you must make at your expense. (Franchise Agreement Section 1).

3. Upon receipt of your order, we will provide you an initial inventory of Consigned Products, parts, accessories and supplies in the amounts that you request, when you place and order and pay the requisite Security Deposit. You are responsible for payment of all shipping and handling charges incurred in connection with the shipment. (Franchise Agreement Section 10).

4. We, or one of our affiliates, will sell to you certain assets (if you are purchasing an existing Aerus Business) to be used in connection with the Franchised Business. (Franchise Agreement Section 1).

5. We, or one of our affiliates, will sublease the premises or assign the Premises Lease of an Approved Location to you (if you are purchasing an existing Aerus Business). (Franchise Agreement Section 1).

Continuing Obligations: During the operation of your Franchised Business:

1. We and our designated suppliers will replenish your initial inventory of Consigned Products and other Products, parts, accessories and supplies according to the terms and conditions contained in the Manuals or otherwise in writing, so long as you are compliant with the Franchise Agreement and pay the requisite Security Deposits. You must promptly pay all shipping and handling charges incurred in connection with such replenishment. (Franchise Agreement, Section 10).

2. We will provide you with revisions and modifications to the Manuals. (Franchise Agreement Section 1).

Advertising

Except as described in this Disclosure Document and in the Franchise Agreement and the Manuals, we do not conduct for your benefit or require you to participate in any group advertising program.

You must make all commercially reasonable efforts to advertise and promote the Franchised Business in the Area of Responsibility, expending an amount equal to at least the Minimum Local Advertising Fee described in this Disclosure Document. You must submit samples of all

advertising and promotional materials to us for approval prior to its use. No advertisement or promotional material may be placed outside the Area of Responsibility, and you may not conduct any national or international advertising of any kind, including any internet advertising (except in very limited circumstances and subject to our written approval). You must advertise at all times in the manner designated by us in the Manuals or otherwise in writing, using formats approved by us in advance; provided, that we may require that all such advertising be placed by us or a third party designated by us, and at your expense. (Franchise Agreement, Section 11).

We are not obligated to spend any amount on advertising in your Area of Responsibility. We may in the future establish a System Media Fund (the "System Media Fund"). If we establish the System Media Fund, you (and other franchisees with your franchise program) would be required to contribute up to 3% of Gross Sales to the System Media Fund. (Franchise Agreement, Addendum B). In addition:

1. We or a designee will have the right to direct all advertising programs, as well as all aspects of any System Media Fund, including the concept, materials, and media used in the programs and the placement and allocation of the programs. The System Media Fund is intended to maximize the general public's recognition of the Marks and the Programs; and we and our designee are not obligated, in administering the System Media Fund, to make expenditures for you which are equivalent or proportionate to your contribution, to ensure that any particular franchisee benefits directly or pro rata from expenditures by the System Media Fund, or to expend any particular amount of money in your Area of Responsibility.

2. The System Media Fund will be used only (except as otherwise provided below) to meet any and all costs of maintaining, administering, directing, conducting, creating, and/or otherwise preparing advertising, marketing, public relations and promotional programs and materials, and any other activities that we believe will enhance the image of the Programs.

3. We have the right to use System Media Fund contributions to, among other things, prepare and/or conduct media advertising campaigns, social media campaigns, direct mail advertising, marketing surveys and other public relations activities; employ advertising and/or public relations agencies to assist in doing so; purchase promotional items; develop new or modified trade dress and marks; point-of-purchase (POP) materials; design and photographs; conduct and administer visual merchandising, and other merchandising programs; purchase media space or time (including all associated fees and expenses); administer regional and multi-regional marketing and advertising programs; engage in or retain third parties to engage in market research and customer satisfaction surveys; develop and implement customer loyalty and gift card programs; customer retention programs; offset costs associated with the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or non-profit events; develop and maintain our website(s); develop, implement and maintain an electronic commerce website and/or related strategies; maintain and develop one or more websites devoted to the Programs and Marks; provide promotional and other marketing materials and services to Franchised Businesses operated under the Programs; and offset the salaries of our employees to the extent such employees provide services in conjunction with System marketing activities. The System Media Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on

products, services, or improvements, approved in advance by us, which products, services, or improvements we will have the right to determine, that we believe will promote general public awareness and favorable support for the Programs. We will have the sole right to decide how the System Media Fund creates, places, and pays for marketing.

4. Upon 30 days' notice from us that we have established the System Media Fund, you must contribute to the System Media Fund in the manner we specify. All sums you pay to the System Media Fund will be maintained in an account separate from our other monies.

5. We will have the right to charge the System Media Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the System Media Fund and marketing programs for you and the System (for example, costs of personnel for creating and implementing, associated overhead, advertising, merchandising, promotional and marketing programs, and accounting services reasonably related to the operation and functions of the System Media Fund). The System Media Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises. We or our designee will maintain separate bookkeeping accounts for the System Media Fund.

6. The System Media Fund is not and will not be used for ordinary operating expenses of our company, and it is not a trust. We do not assume any fiduciary obligation to you or any other franchisee for maintaining, directing, or administering the System Media Fund or for any other reason. We will prepare annually a statement of the operations of the System Media Fund as shown on the books of the System Media Fund, and will make it available to you on an annual basis, upon written request. This annual statement is not required to be audited, but we may choose to provide an audited statement.

7. Although the System Media Fund is intended to be of perpetual duration, we maintain the right to terminate the System Media Fund. The System Media Fund will not be terminated, however, until all monies in the System Media Fund have been spent for marketing or promotional purposes.

8. We do not anticipate using any portion of the System Media Fund for marketing that is principally a solicitation for the sale of franchises. We may reference that franchises are available in advertising materials or Websites (as defined below) created using System Media Fund contributions. We may receive payment for providing goods or services to the System Media Fund. As described above, we are not required to spend any particular amount on marketing in the area where your Franchised Business is located. As also described above, if amounts are unspent in the System Media Fund at fiscal year-end, those amounts will be carried over by the Fund for expenditure in the following year(s). In addition, if the entire System Media Fund is expended during a fiscal year, we may loan funds to the System Media Fund (or obtain loans for the System Media Fund from other lenders) to cover any deficit.

9. The System Media Fund may be established for all franchise programs or separately for one or more of the franchise programs. Outlets owned by us or our affiliates will be

obligated to participate in the System Media Fund at the same rate and on the same terms as all franchisees.

We have not established an advertising council composed of franchisees.

You will not be required to participate in any local or regional advertising cooperative.

Computer System

We, or our affiliate, will install at your premises our standard software and communication package, which includes a financial and accounting software package and which also includes a customer database and lead management software package. See Item 6 for a description of the Administration and Technical Support Fee which includes our charges for the above. We, or our affiliate, are the supplier of our software and communication package and the physical mailing address of each is listed in Item 1. (Franchise Agreement, Section 4)

You will need a PC running Windows 10 or better, with the minimum hardware and software configurations as detailed in our Manual or otherwise in writing. You will also need a highspeed internet connection, a multifunction printer/scanner/fax and a bar code scanner (optional). You will use your computer and related software for a variety of functions to help you manage your business. The most significant functions include communications (sending/receiving e-mails, Intranet), inventory control (receiving, ordering, tracking) and sales reporting (contract entry, sales tax calculation, reporting).

We currently have certain access to the information entered into and compiled by your computer system. In the future, we may expand our requirements for the information you must maintain on your system with the software we provide or with software we require you to obtain. We reserve the right to require all information concerning your Franchised Business to be kept and maintained on a computer to which we have full access. We further reserve the right to access, review, evaluate and incorporate into our own systems all such information. There is no contractual limitation on our right to access and use this information.

You will be responsible for all maintenance and insurance of the hardware and equipment, and will also be responsible for all third party software purchases and licensing fees. We will maintain and provide to you software updates and revisions for any proprietary software which we provide. You must maintain at all times hardware and software that complies with our specifications detailed in the Manuals in order to properly run our proprietary software programs. Our proprietary accounting software (FOAS) is, in effect, the cash register for the business. As updates of our proprietary software are available, they will be made available to you to upgrade on your computer systems. The cost of such upgrade is included in the Administration and Technical Support Fee (see the Franchise Agreement, Schedule 3). We reserve the right to reasonably require your computer hardware and software be maintained and upgraded as necessary at your expense. No contractual limitations exist in frequency or cost of the maintenance and/or upgrades to this equipment.

We estimate the cost of purchasing the required computer system, hardware and software will range from $1,200 to $2,200. In addition, you will need to pay the Administration and Technical Support Fee as described in Item 6 of this Disclosure Document.

Site Selection and Opening

You must obtain, via purchase or lease, a retail space to serve as an Approved Location of your Franchised Business. If you are purchasing the assets of an existing Aerus Business, you will sublease the premises of the Aerus Business or will take an assignment of the premises lease from us or one of our affiliates. If you are opening a new location, you will select a proposed site and submit such proposal to us for approval. We will approve or disapprove any proposed site within 30 days of receiving all of the requested information regarding the proposed site. If we do not agree on a proposed site, we have the right to terminate the Franchise Agreement.

While it is your sole responsibility to obtain a mutually acceptable site, we will provide you with assistance in finding a location as we deem reasonable and appropriate. In approving a proposed site, we will consider factors such as size, location, nearby commercial and residential development, demographics, visibility from roadways, and parking space in approving a site. Your leased/purchased space should be approximately 1,500 to 2,000 square feet and located in a strip shopping center. Your purchase or lease of a site should be based on your own independent investigation of your Area of Responsibility and the site.

Once we approve of the proposed site, you may proceed with a lease and finish out consistent with the requirements of the Manuals. You must open the Franchised Business at the Approved Location not later than the Opening Date described in the Franchise Agreement. Failure to do so may result in termination of the Franchise Agreement. We will identify any modifications or improvements to the premises of the Franchised Business, if any, which you must make, at your expense, prior to the Opening Date, or within such time period ending after the Opening Date as we may designate in writing. (Franchise Agreement Section 1).

The typical length of time between signing the Franchise Agreement and opening the Franchised Business is expected to be 1 to 6 months. The length of time prior to opening will depend on such things as the need for application processing, training and site selection and build out (if necessary).

Training

TRAINING PROGRAM			
Subject	Hours of Classroom Training **Dallas, Texas**	Hours of Training On-The-Job **Aerus Business***	Location
Administration	4	2	Dallas, Texas and Aerus Business we designate
Accounting	4	1	Dallas, Texas and Aerus Business we designate
Inventory Control and FOAS	4	1	Dallas, Texas and Aerus Business we designate
Sales and Service Personnel Development	4	16	Dallas, Texas and Aerus Business we designate

TRAINING PROGRAM			
Subject	Hours of Classroom Training **Dallas, Texas**	Hours of Training On-The-Job **Aerus Business***	Location
Real Estate	1	0	Dallas, Texas
Marketing, Advertising and Database Management	4	4	Dallas, Texas and Aerus Business we designate
Store Opening Assistance	3	0	Dallas, Texas
Standard Product Training	8	16	Dallas, Texas and Aerus Business we designate
Beyond Products and Service	8	40	Dallas, Texas and Aerus Business we designate
Total Hours for Standard and Associates who do not sign a Beyond Addendum	32	40	
Total Hours for Standard and Associates who sign a Beyond Addendum	40	80	

Your operating principal and general manager are required to attend our four (4) day Management and Business Administration ("MBA") training program in Dallas, Texas, or such other location within the United States or Canada which we may designate. You may want to bring other employees to training. For in-person training that occurs at Dallas, Texas or an Aerus Business we designate, you may bring up to a total of 3 individuals to training. We may also offer certain aspects of MBA training online through our interactive training website www.aerusconnect.com and/or allow you to attend certain aspects of MBA training remotely through telephone or web conference. If so, travel may not be required and there is currently no limit to the number of your employees that may attend our remote training options. Training topics include, among others, accounting practices, understanding profit & loss statements with projections, extensive training on our proprietary accounting software (FOAS and FAST), determining order levels of consigned product and parts, recruiting, training and retaining sales and service personnel, marketing and advertising guidelines, database management, strategies when operating a franchise in the healthy home industry. Franchisees who sign a Beyond Addendum must also attend an additional one (1) day Beyond Product training. MBA training is held on an as needed basis. However, our interactive training website www.aerusconnect.com can be accessed online at any time.

All franchisees are also required to attend one (1) week of on-the-job training which shall be conducted in an Aerus Business. Franchisees who sign a Beyond Addendum must also attend an additional one (1) week on-the-job Beyond Product training that must also be conducted at an Aerus Business. (Franchise Agreement Section 8).

We or our affiliates conduct our training program. Aerus' President, Kevin Hickey, supervises the training program. His experience includes over 43 years in the field, and over 18 years as the company's President or similar titles. Various instructors and franchisees provide training. Aerus' Vice President of Sales Operations, Director of National Service, or employees they designate,

provide administration, accounting, inventory control and FOAS training. The Executive Vice President- Sales, Area and Regional Director of Franchising, other executives, other regional franchise directors and franchise owners provide training as to sales and service personnel development, real estate and marketing, advertising and database management, store opening assistance and Standard Product Training. All instructors have more than 5 years' experience in the industry. The instructional materials we use includes our Manuals, software systems, product demonstration and other instructional sales videos and materials.

If your personnel do not successfully complete any portion of their required training, we may require them to repeat it. If, you, your Operating Personnel and/or other personnel have actual current (or prior) sales experience, either through working directly with an existing Aerus Business or through comparable industry experience, and have demonstrated proficiency in customer service, lead generation and management, they may not be required to complete all phases of training. We may require further, advanced or additional training for you or any of your personnel. Your Operating Principal and General Manager must successfully complete initial training to our satisfaction before the Opening Date, but in no event later than 6 months after you sign the Franchise Agreement. If you do not successfully complete initial training, we have the right to terminate the Franchise Agreement.

We do not charge tuition or impose a fee for training-related materials in connection with our initial training programs, but you are responsible for all training-related expenses incurred by all persons who attend training including costs of travel, lodging, local transportation to and from the training site, meals and wages. Training provided to individuals not required by us to attend may require the payment of an attendance fee.

The current training programs are instructed by individuals with expertise in the subject matter upon which they are offering instruction. These instructors have a minimum of one (1) year of experience in the area of their expertise. Most trainees have more than five (5) years' experience with the business you will be operating and in the specific area of their expertise.

You must designate and retain individuals to serve as the Operating Principal, and for each location, General Manager, Sales Manager and Service Manager (which individual or individuals must, during the entire period he or she serves in such capacity, satisfy all of the qualifications required by us in the Manuals for service in such capacities); provided that, if you are an individual, you must perform all obligations of the Operating Principal and the General Manager. Upon our approval, you or the General Manager you designate, may also serve as the Sales Manager and/or Service Manager. The initial Operating Principal and the General Manager, Sales Manager and Service Manager must be the individuals named in the Franchise Agreement, and you must promptly notify us in writing of any change of these individuals. Under the Associate Program, we will not require that you designate a Service Manager if you are not required by us to maintain a service and repair center.

You must participate at your expense, together with your Operating Principal and General Managers and all of your other personnel that operate and manage the Franchised Business, in all training and education programs and motivational and incentive meetings which we may offer.

Confidential Manuals

You will receive a set of Manuals at MBA Training (or shortly thereafter) at no cost to you. You may request to view the Manuals prior to signing your Franchise Agreement. You must operate your Franchised Business according to the standards, methods, policies and procedures specified in our Manuals. If you sign a Beyond Addendum, you must also comply with any portion of the Manuals related to the Beyond Products. The table of contents for our Manuals is attached to this Disclosure Document as Exhibit 8. The Manuals contain 1,352 pages.

Website

You may not establish a "Website," nor offer or promote or sell any products or services or make any use of the Marks, through the Internet without our prior written approval. We do not currently require you to establish or maintain a Website. As a condition to granting our consent, we will have the right to establish requirements that we deem appropriate, including the requirement that your only presence on the Internet will be through a webpage established by us on our website or through a webpage or website developed by a supplier we designate or approve. If we grant you approval to establish and maintain your own Website and you elect to do so, you must use a supplier designated by us in connection with the Website and pay such supplier's then-current fee. Currently, the sole approved supplier in connection with franchisee Websites is TownSquare Interactive, which currently charges a fee ranging from approximately $200 per month to approximately $485 per month depending on the specific services the franchisee elects and the number of locations the franchisee operates. Any website will be deemed "advertising" under the Franchise Agreement and will be subject to (among other things) our approval. As used in the Franchise Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software. The term Website includes the Internet and World Wide Web home pages and social media webpages such as Facebook, LinkedIn, MySpace and X (formerly known as Twitter) web pages/accounts.

Item 12

TERRITORY

The specific street address of the Franchised Business location will be provided in the Franchise Agreement. You will be granted certain rights to an area located in and/or around your Franchised Business. This is called the Area of Responsibility. The Area of Responsibility is not a set distance for all Franchised Businesses and will vary depending on the Program you choose to operate under, and the demographic and geographic nature of your location. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Under the Standard Program and the Associate Program, the Franchise Agreement grants to you the limited right to offer and sell Products (other than the Beyond Products) to Approved Customers within the Area of Responsibility. Franchisees who sign a Beyond Addendum will also have the limited right to offer and sell Beyond Products to Approved Customers within the Area of Responsibility. Franchisees who do not sign a Beyond Addendum have no rights to offer and sell Beyond Products.

The Franchised Business will be operated out of and from one or more Approved Locations and from no other physical location, except as may be permitted by us in writing, and you must cause any premises lease covering any Approved Location to include a Lease Rider in the form attached to the Franchise Agreement and included in Exhibit 2(a) or Exhibit 2(b) of this Disclosure Document.

Under the Standard Program, and only upon our prior written consent, you may be permitted to engage Outlet Licensee to establish, on a non-exclusive basis, Licensed Outlets within those parts of your Area of Responsibility that do not include any part of another franchisee's Protected Area The forms (and terms) used to engage Outlet Licensees must be acceptable to us and may not grant greater rights and must include at least the same restrictions and limitations as the Franchise Agreement. Licensed Outlets must be subject to all provisions of the Franchise Agreement and the Manuals concerning Approved Locations, except that (i) repair, maintenance and warranty service may be provided by or at an affiliated Approved Location rather than on-site and, (ii) provided that, so long as we receive prompt notice of the establishment and location of a Licensed Outlet, we will not require prior approval of the site or lease for any Licensed Outlet. Outlet Licensees will be solely and exclusively the responsibility of you for all purposes, including without limitation, all training and support. We will have no legal obligation whatsoever to or for the benefit of any Outlet Licensees; however, we will be a beneficiary of any of your rights under all agreements existing between you and any Outlet Licensees and may enforce such rights.

Franchisees under the Associate Program are not permitted to open additional locations, Satellites or Licensed Outlets. References and descriptions of Outlet Licensees and Licensed Outlets in this Disclosure Document are not applicable to the Associate Program.

You will be required to satisfy and achieve certain Minimum Sales Requirements (the "Minimum Sales Requirement") which are generally set forth below and which are based in whole or in part upon the sale of Core Units (Franchise Agreement Section 8.F. and Schedule 4). "Core Units" are such Products as designated from time to time by us in the Manuals:

Minimum Sales Requirement (Standard Program): The Minimum Sales Requirement for the Standard Program has 2 components, a Core Unit sales component and an "Aftermarket, labor, and parts" component, both of which must be on a quarterly basis.

Core Units: Ninety Percent (90%) of the Baseline for the Franchised Business, where the "Baseline" for the Franchised Business is the greater of (i) a number of units equal to forty-five (45) Core Units per quarter per Approved Location (excluding Licensed Outlets and Satellites) or (ii) the average quarterly Core Unit sales volume for the Franchised Business since the Approved Location first became part of a franchised business; provided, however, that this standard in subparagraph (ii) will not apply unless and until we give ninety (90) days written notice of our intention to implement this standard.

Aftermarket, labor and parts: Eighty percent (80%) of the average Gross Sales per Approved Location of aftermarket, labor and parts for all Approved Locations in the System for each quarter; provided, however, that Satellites and Licensed Outlets will be excluded from any such determination and any such Gross Sales recorded for a Satellite or Licensed Outlet

will be included with such Gross Sales of the Approved Location with which the Satellite or Licensed Outlet is affiliated.

Minimum Sales Requirement (Associate Program): The Minimum Sales Requirement for the Associate Program has 2 components, a Core Unit sales component and an "Aftermarket, labor, and parts" component, both of which must be on a quarterly basis.

Core Units: 30 Core Unit sales per quarter.

Aftermarket, labor and parts: Eighty percent (80%) of the average Gross Sales per Approved Location of aftermarket, labor and parts for all Approved Locations in the System for each quarter. However, there is no Minimum Sales Requirement for aftermarket, labor and parts under the Associate Program if you are not required to maintain a service and repair center at your Approved Location.

Failure to Meet Minimum Sales Requirements. If you fail to meet the Minimum Sales Requirement, we may terminate the Franchise Agreement. The Minimum Sales Requirements should not be construed as a representation of possible earnings. We make no representation that you will achieve the Minimum Sales Requirements.

Except as provided in the Franchise Agreement, we will not establish, or permit or authorize any person or entity other than you to establish a physical location for the operation of an Aerus Business within a one mile radius of your Approved Location (the "Protected Area"). There are no circumstances that would permit us to modify your Protected Area.

You are generally required to sell all Products within the Area or Responsibility, however, 10% of your Gross Sales in any calendar quarter may be attributable to sales made to persons or entities who reside outside of the Area of Responsibility.

You may face competition from other franchisees or franchisee-owned outlets within or outside of your Area of Responsibility and/or Protected Area or from other channels of distribution or competitive brands we control. You may face competition from other franchisees or franchisee-owned outlets having physical locations outside of your Protected Area or from other channels of distribution or competitive brands we control.

Other than upon our prior written approval, you must not (1) conduct the Franchised Business under any actual or assumed name other than the trade name approved in advance by us, (2) sell to any person or entity that is not an Approved Customer, (3) conduct any aspect of the Franchised Business by, through or over the internet or world wide web, including without limitation, advertising, marketing and solicitation, unless or until we establish an Aerus sponsored program for such conduct by Franchisees and, then, only as part of and in accordance with such program, (4) use any trade name, trademark or service mark in connection with the Franchised Business other than the Marks (and then only in strict accordance with the terms and conditions of the Franchise Agreement, the Policies and Procedures, the Manuals and any specific guidelines imposed by us), (5) unless authorized in advance by us, advertise or sell any product or service from an Approved Location or through the Franchised Business bearing any trade name, trademark or service mark other than the Marks, (6) sell any product or service that is not a Product, or (7) permit any Product to be sold from any physical location other than an Approved Location, by

any Person other than your authorized representative or in a manner otherwise inconsistent with the System.

We and our affiliates and existing franchisees, distributors and licensees operate existing businesses and systems, and may in the future establish and operate new businesses and systems, including Aerus Businesses, under the same and other assumed names, trade names and trademarks as the Marks, which businesses and systems may offer or sell products and services similar or identical to the Products and Beyond Products and may do so (or grant licenses or franchises for third-parties to do so) within any part of the Area of Responsibility (provided that we may not establish a physical location for the operation of an Aerus Business within your Protected Area). The right granted under the Franchise Agreement is only for the operation of the Franchised Business in accordance with the Franchise Agreement. You are granted no rights of any kind of any other business or system that may now or in the future be owned, operated or licensed by us or any of our affiliates. We and our affiliates retain all rights not specifically mentioned in this document. We reserve the right to provide new products and services under the System, and to require or permit new products and services to be provided, marketed, promoted, distributed or sold hereunder by you through the Franchised Business, and may, in connection, without limitation (1) require you to execute an additional or supplemental agreement; and (2) require the payment of a royalty or additional fee.

We do not offer rights of first refusal.

One or more of our affiliates currently sells, or has in the past sold, floor care, water purification products and air purification products through several alternative channels as more fully described below. Such sales may take place at or from locations within, or to customers located in, the Area of Responsibility. Additionally, we, or our affiliates, expect to continue to explore additional opportunities for selling home environment cleaning products, water purification products and air purification products that may be the same as, or similar to, those offered by Aerus Businesses. This includes selling products bearing the Marks to independent distributors who may then sell those products in the Area of Responsibility. We will not pay you any amounts for orders solicited or accepted by us in the Area of Responsibility. At present, the only significant alternative channels in which we or our affiliates are selling similar products, are:

Television. In the past, our affiliate has sold floor care products bearing the Marks on a television shopping channel. Our affiliate also sold air purification and other products bearing the Marks through direct response television advertising. One of our affiliates, licensees or permitees may offer such products or Beyond Products, or any of the Products, for sale on television in the future.

Catalogs and Direct Mail. In the past, our affiliate has sold floor care and air purification products bearing the Marks through a variety of catalogs and direct mail to customers. One of our affiliates, licensees or permitees may offer such products, or any of the Products or Beyond Products, for sale in a variety of catalogs and mailings in the future.

Floor Care Retailers and Mass Merchandise Retailers. In the past, our affiliate has sold parts bearing the Marks to distributors who then sell the parts to a number of floor care specialty shops. One of our affiliates, licensees or permitees may offer such products, or any of the Products, for sale to mass merchandise retailers in the future.

Commercial. In the past, our affiliates have sold floor care, air purification, water purification and other products and related parts, bags, filters and supplies to distributors who then sell them (directly and indirectly) to a variety of commercial end-users and consumer households. Currently, our affiliates sell air purification and water purification products to a variety of commercial end users (including medical facilities, assisted living facilities and athletic facilities) and to distributors who then resell such products (directly or indirectly) to such end users and consumer households. One of our affiliates, licensees or permitees may offer such products, or any of the Products or Beyond Products, for sale to other commercial end-users or product distributors in the future.

Internet. Our affiliate has sold parts and accessories bearing the Marks over the Internet. One of our affiliates, licensees or permitees may offer such products, or any of the Products or Beyond Products, for sale over the Internet in the future.

Customer Service Call Center. Our affiliates sell certain floor care products, parts and accessories bearing the Marks through their customer service call center and may from time to time offer such products, or any of the Products or Beyond Products, for sale as well.

Distributors. Our affiliates sell a limited line of Products bearing the Marks through a network of approximately 342 independent distributors who may sell and/or be located within your Area of Responsibility.

Our affiliates, ARS Home Solutions, LLC and ARS Home Solutions Canada, Inc., currently own and operate Franchise Businesses in the United States and in Canada, respectively, and may in the future own and operate these, additional or other Franchise Businesses. These Franchised Businesses sell products and services which are identical or substantially similar to those which you will offer and operate based upon a franchise agreement similar to the one you would execute.

Item 13

TRADEMARKS

The following Marks are registered (or, as indicated, registration applications are pending) on the Principal Register of the United States Patent and Trademark Office, and all required affidavits have been filed.

Mark	Registration No.	Registration Date	Last Renewal
Aerus- Blue	5,936,669	December 17, 2019	NA
AERUS	3,142,464	September 12, 2006	09/12/2016
AERUS & Design	3,142,468	September 12, 2006	09/12/2016
Oval Color Design	3,254338	Registered on Supplemental Register: June 19, 2007	06/16/2017
ELECTROLUX	284,377	June 23, 1931	06/23/2021
ELECTROLUX	195,691	March 3, 1925	03/25/2025
ELECTROLUX	995,587	October 15, 1974	09/19/2024
ELECTROLUX	1,617,477	October 16, 1990	04/12/2021

Mark	Registration No.	Registration Date	Last Renewal
ELECTROLUX	562,427	July 29, 1952	08/28/2023
LUX	2,870,365	August 3, 2004	02/03/2025
LUX	2,385,804	September 12, 2000	08/21/2020
BEYOND BY AERUS	4,582,963	August 12, 2014	06/18/2024
BEYOND BY AERUS	4,686,713	February 17, 2015	02/10/2025
BEYOND BY AERUS	Registration No. Pending; Serial No. 99/698,090	Pending, Application Date: March 12, 2026	Not Applicable

The following Marks are registered (or, as indicated, registration applications are pending) on the Principal Register of the Canadian Patent and Trademark Office, and all required affidavits been filed.

Mark	Registration No.	Registration Date	Last Renewal
AERUS	TMA665006	May 26, 2006	05/26/2021
AERUS & Design	TMA669070	Aug 1, 2006	08/01/2021
Oval Color Design	TMA670094	Aug 16, 2006	08/16/2021
ELECTROLUX	TMDA50134	August 9,1930	09/01/2017
ELECTROLUX CANADA	TMA360717	Oct. 20, 1989	10/20/2019
ELECTROLUX DESIGN	UCA011191	Sept. 13, 1938	09/13/2013
LUX	TMDA038911	Nov. 24, 1925	11/24/2020
LUX	TMDA051318	Jan. 14, 1931	01/14/2016
LUX	TMA692610	July 23, 2007	07/23/2022

There are no currently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the Canadian Intellectual Property Office, the trademark administrator of any applicable state or province or any court, any pending interference, opposition or cancellation proceeding and any pending material litigation involving the Marks described above which are relevant to their use in the United States or Canada or any state or province.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks described above.

(a) Electrolux Sublicense Agreement

i. The trademarks “Electrolux” and “Lux” are owned by Aktiebolaget Electrolux, which is a Swedish company that is not affiliated with us. They licensed the right to use “Electrolux” and “Lux” to Aerus LLC and Aerus Canada, Inc., our affiliates, in the United States and Canada respectively. The licenses allow Aerus LLC and Aerus Canada, Inc. to assign the rights described below to Aerus Concepts, L.P., which they did, effective August 27, 2001. Effective on the same date, Aerus Concepts, L.P. licensed the rights described below to us. Such rights generally permit you to utilize the “Electrolux” and “Lux” marks on the products noted as long as such products are sold through an Aerus Business. The licenses are generally only

cancelable by Aktiebolaget Electrolux if the Aerus business or any of the principal operating Aerus entities is sold to a competitor (as such term is defined in the license agreements with Aktiebolaget Electrolux).

ii. In connection with the foregoing, there are a series of license instruments granting to us the right to use and license to you for use on a non-exclusive, non-assignable basis (subject to the terms and conditions of the Franchise Agreement and the Manuals), the "Electrolux", "Lux" and derivative trademarks for use in the sale, marketing, distribution and repair of vacuum cleaners and related accessories. The obligations of the licenses have been incorporated into the Manuals, which must be strictly adhered to. Aktiebolaget Electrolux may terminate the Electrolux Sublicense Agreement upon written notice if We, you or any of our other franchisees breach the Electrolux Sublicense Agreement. Material uncured breach of the license terms by you or any other franchisee may result in termination of the license for all franchisees.

iii. We are a licensee, and not the owner, of the "Electrolux," "Lux," and related marks and have permission to sublicense such Marks to our franchisees. We, our affiliates and Aktiebologet Electrolux have certain inspection rights related to the use of the trademarks, including the ability to inspect your premises for proper use of the Marks. We may also issue trademark usage guidelines from time to time governing your use of the licensed Marks. The Marks may be used only in the United States if your Approved Locations are in the United States and only in Canada if your Approved Locations are in Canada, and only in (i) direct retail sales to residential customers (meaning door-to-door sales and other sales to residential end-users in a manner other than from a fixed store location open to the general public but not including sales over the Internet or other electronic communications media); and (ii) retail sales to consumers from facilities owned or leased by us or our franchisee and identified as "Aerus" and/or "Electrolux" stores, provided such facilities offer for resale to the general public, in substantial part, only those products sold under the "Aerus" and "Electrolux" brands. You may not sell any damaged goods bearing the Marks, and repossessed or demonstration goods may be sold only with our prior approval. you may be required to assist in the protection of the Marks, and are obligated to indemnify us and our affiliates against any claim resulting from your use of the Marks on products or materials.

(b) Aerus License Agreement

The trademark "Aerus" is owned by our affiliate Aerus Concepts, L.P. ("Aerus Concepts"). We obtained our right to use certain "Aerus" marks and the System pursuant to a license agreement with Aerus Concepts dated August 27, 2001 (the "Aerus License Agreement").

i. Based upon rights granted to us, we are licensing to you, on a non-exclusive, non-assignable basis (subject to the Franchise Agreement and the Manuals, as applicable), the trademark "Aerus" and if you are a franchisee who has executed a Beyond Addendum, the trademark "Beyond", in each instance, for use in the sale, marketing, distribution and repair of various household products, vacuum cleaners and related accessories. Aerus Concepts may terminate the Aerus License Agreement upon written notice if we or you breach the Aerus License Agreement. Material, uncured breach of the license terms by you or any other franchisee might result in termination of the license for all franchisees.

ii. We and our affiliates have certain inspection rights related to the use of the "Aerus" and "Beyond" trademarks, including the ability to inspect your premises for proper use of the mark. We may also issue trademark usage guidelines from time to time governing your use of the Marks. If you fail to conform to the quality requirements or usage guidelines, we may terminate or suspend your license to use the Marks. The Marks may be used only in the United States if your Approved Location or Development Area is in the United States and only in Canada if your Approved Location or Development Area is in Canada and only in (i) direct retail sales to residential customers (meaning door-to-door sales and other sales to residential end-users in a manner other than from a fixed, store location open to the general public but not including sales over the Internet or other electronic communications media); and (ii) retail sales to consumers from facilities owned or leased by us or our franchisees and identified as "Beyond by Aerus", "Aerus" and/or "Electrolux" stores. You may be required to assist in the protection of the mark, and are obligated to indemnify us and our affiliates against any claim resulting from your use of the mark on products or materials.

The Franchise Agreement grants to you a limited non-exclusive right and license to use the Marks in strict accordance and compliance with the terms and conditions of the Franchise Agreement and the Manuals, including the Policies and Procedures and any specific guidelines We may impose from time to time. We may, at our option from time to time, modify and change the Marks permitted to be used by you and the manner in which such of the Marks may be used, including discontinuing the permitted use of any of the Marks. This license does not permit, and it will be strictly prohibited for, you to use or include any of the Marks as a part of your legal business name. All rights and licenses granted concerning the Marks will automatically terminate upon the expiration or termination of the Franchise Agreement and you must promptly thereafter return to us any documents, forms, applications, signs, banners, advertisements, marketing information, product specifications, sales literature and other material bearing the Marks. All rights and goodwill in any of the Marks are the sole and exclusive property of us and our applicable licensor, if any, and all use of the Marks will inure to the sole benefit of us and our affiliates. Nothing in the Franchise Agreement or the Beyond Addendum gives you any right in or to any of the Marks, except as specifically provided in the Franchise Agreement or Beyond Addendum. You must not, for yourself or together with any other person or entity, challenge our right, title or privilege in or to any of the Marks.

You must notify us immediately by telephone, and thereafter in writing, of any apparent infringement of or challenge to your use of any of the Marks or of any claim by any person of any rights in any of the Marks. We will have the right to take such action as we deem appropriate in connection with the foregoing, including the right to control any settlement, litigation or proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any of the Marks. You must execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our reasonable opinion, be necessary or advisable to protect and maintain our or our affiliate's interests in any litigation or other proceeding or to otherwise protect and maintain our, our affiliates or any other interested party's interest in the Marks.

We are not obligated by the Franchise Agreement or otherwise to protect any rights which you have to use the Marks. If, at any time, we choose to modify or discontinue the use of any Mark, you must comply with our directions at your expense.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents, Copyrights and Proprietary Information

We do not own any registered patents that are material to the franchise. Although we have not filed applications for copyright registration, we claim copyrights on the Manuals and all materials used in the System.

You must notify us immediately by telephone, and thereafter in writing, of any apparent infringement of or challenge to your use of any patents, copyrighted material or proprietary information, or of any claim by any person of any rights therein. We will have the right to take such action as we deem appropriate in connection with the foregoing, including the right to control any settlement, litigation or proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any of the patents, copyright and proprietary information. You must execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our reasonable opinion, be necessary or advisable to protect and maintain our or our affiliate's interests in any litigation or other proceeding or to otherwise protect and maintain our, our affiliates or any other interested party's interest in the patents, trademarks or proprietary information.

There is no effective decision, ruling or order of the United States Patent and trademark Office, Copyright Office of the Library of Congress or any court, which could materially affect the ownership or use of any patents or copyrighted materials.

There are no agreements currently in effect, which significantly limit our rights to use, or license the use of, patents or copyrights in any manner material to you.

Software and Administration Systems

As a primary and material element of the System, we and our affiliates have developed a proprietary computer information and office automation system, comprised of various software programs and modules (including modules for customer relationship and lead management, financial administration and inventory ordering and management) (the "Software and Administration Systems"), which system is currently known as the Aerus Franchise Office Automation System ("FOAS").

A. You must own and maintain at an Approved Location computer hardware, computer facilities and computer communications connections (*e.g.*, DSL, cable or satellite internet access connections and service where available) meeting all minimum performance specifications promulgated and published by us from time to time in order to install, update and support FOAS.

B. You must permit us or our affiliates in-person or remote access to your computer equipment and facilities for purposes of installing, updating and supporting FOAS and will abide by any reasonable instructions, directions or requests of us in connection with such installation, update and support.

C. You must implement and use all functions of FOAS in the operation, administration, management and control of the Franchised Business and will adopt for use all new programs and modules developed and installed from time to time by us, including without limitation the Franchise Accounting Systems and Tools program module (including any successor or substitute financial management program or module which may be developed, "FAST"), and, if applicable, pay any fee imposed for the new program or module.

You must execute a Software License Agreement in a form substantially similar to the form attached to the Franchise Agreement included in Exhibits 3(a) and 3(b) of this Disclosure Document.

Customer Data

1. We own and maintain a database of customer information (the "Customer Data"). We may make available for use by you on a limited, non- exclusive basis, that part of the Customer Data which is pertinent to the Area of Responsibility, subject to your strict accord and compliance with the terms and conditions of the Franchise Agreement, the Manuals, the Policies and Procedures and any specific guidelines we may impose from time to time concerning collection, maintenance and use of the Customer Data. We may charge you a fee for access and use to the Customer Data which is pertinent to your Area of Responsibility. All such rights and licenses will automatically terminate upon the expiration or termination of the Franchise Agreement, and you must then return to us any printed or virtual item or material containing or bearing any of the Customer Data. All rights to and goodwill in the Customer Data are solely and exclusively the property of us. Nothing in the Franchise Agreement gives you any right in or to any of the Customer Data, except as specifically provided in the Franchise Agreement. You may not, for yourself or together with any other person or entity, challenge our right, title or privilege in or to the Customer Data. You must do such acts or things, as may, in our reasonable opinion, be necessary or advisable to protect and monitor the integrity of the Customer Data.

2. During the Term of the Franchise Agreement, you must actively and diligently maintain, use, update, correct and supplement the Customer Data. You must update the Customer Data immediately upon completion of any sale or customer contact, must regularly review the Customer Data and take such action as may be appropriate based on the Customer Data, and must otherwise use the Customer Data for marketing, lead generation, sales and recruiting purposes in accordance with the System and our procedures concerning such activities. You must not use the Customer Data, or permit the Customer Data to be used, for any purpose except the operation of the Franchised Business.

3. All rights in, and license of, the Customer Data granted under the Franchise Agreement are nonexclusive and, in addition to those rights described elsewhere in the Franchise Agreement, we and our affiliates retain all rights concerning the Customer Data not expressively granted in the Franchise Agreement, including, without limitation, the rights to: (1) terminate your access to and right to use some or all of the Customer Data; (2) grant other licenses for use of all or any portion of the Customer Data, including any portion relevant to the Area of Responsibility; (3) develop systems and procedures to capture, store, manipulate, organize, sort and report the Customer Data and to require you to implement and utilize such systems and procedures; and

(4) use the Customer Data in order to engage, directly or indirectly, at wholesale, retail or otherwise, in the distribution or sales of products and services, including, the Products.

Confidential Information

We have and may after execution of the Franchise Agreement furnish to you certain Confidential Information. In addition, you may develop certain information which constitutes Confidential Information. You must keep secret and retain in strictest confidence, all Confidential Information. You may only use Confidential Information in connection with the operation of the Franchised Business in accordance with the Franchise Agreement. Upon expiration or termination of the Franchise Agreement, you must promptly transmit all Confidential Information to us or dispose of it as instructed by us in writing.

"Confidential Information" means any and all information, knowledge, know-how, methods, trade secrets, techniques and materials used in or related to an Aerus Business, including the Franchised Business, or the System, which we may provide to you, including without limitation the Manuals and all of their content, the Customer Data, the Software and Administration Systems, all plans and specifications, all marketing information and strategies, all site evaluation and selection information, all selling and operating techniques and all other unique or proprietary information communicated in writing and through other means, including electronic media, as `well as all databases and customer lists and information generated by or through the Franchised Business.

At our request, you must require your manager and any personnel having access to any of our Confidential Information to sign agreements that will require them to maintain the confidentiality of information they receive in connection with their employment by you at your Franchised Business. The agreements must be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct or indirect ownership in a competing business.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If the Franchise Agreement is signed by a corporation, partnership, limited liability company (or any entity other than a natural person), at least one of the entity's principals (whom we refer to in the Franchise Agreement and in this Disclosure Document as the "Operating Principal") must personally participate in the day-to-day operation of the Franchised Business. If you sign the Franchise Agreement as an individual, you will be the Operating Principal and will be required to personally participate in the day-to-day operation of the Franchised Business.

Your Operating Principal must personally guarantee the Franchisee's obligations under the Franchise Agreement. All parties whom we designate as your principals (those owning at least ten percent (10%) of the Franchised Business) must also personally guarantee your obligations under the Franchise Agreement. Other than your Operating Principal, none of your managers are required to maintain an ownership interest in you or the Franchised Business.

You will be permitted, at your own cost and expense, to hire and retain such employees, consultants and agents as you may deem necessary in establishing and operating the Franchised Business. Additionally, you will be permitted to employ or engage, on forms reasonably acceptable to us and which grant no greater rights and retain at least the same restrictions and limitations as the Franchise Agreement, sales representatives who must operate in accordance with the Franchise Agreement and the Manuals, including the Policies and Procedures. You must recruit and train your sales representatives to properly and effectively demonstrate, use, care for, install and sell the Products and to understand and follow the Policies and Procedures and other guidelines stated in the Manuals.

Under the Standard Programs only, you will be permitted to develop in the Area of Responsibility an organization of qualified Outlet Licensees operating from or through one or more Approved Locations who will and do follow the Policies and Procedures and guidelines of the Manuals and comply with the terms and conditions of the Franchise Agreement. You must recruit and train your Outlet Licensees to properly and effectively demonstrate use, care for, install and sell the Products and to understand and follow the Policies and Procedures and other guidelines stated in the Manuals. References to Outlet Licensees are not applicable to the Associate Program. Franchisees under the Associate Program are not permitted to open additional Approved Locations, Satellites or Licensed Outlets.

You must participate at your expense, together with Your Operating Principal and General Managers and all of your other personnel that operate and manage the Franchised Business, in all training and education programs and motivational and incentive meetings which we may offer.

You must cause, at a minimum and at your expense, your Operating Principal to attend all annual meetings or conventions and all regional or local meetings, held by us or our designee or representatives; provided that, your Operating Principal will not be required to attend more than two (2) annual meetings or conventions and more than four (4) regional or local meetings in any calendar year.

See Item 11 of this Disclosure Document for more information about our training programs.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell the Products only to Approved Customers located within the Area of Responsibility in accordance with the terms, conditions and provisions of the Franchise Agreement and the Manuals, including the Policies and Procedures. Except as otherwise provided in the Franchise Agreement, such offer and sales may only be made through the Approved Location or from in-home or in-person demonstrations conducted within the Area of Responsibility. Franchises who do not sign a Beyond Addendum are not permitted to sell Beyond Products.

You may not (1) promote the sale of, or sell, directly or indirectly, any products and services which are similar in nature to, or which are generic, non-generic or unapproved substitutes for, any of the Products, (2) undertake or participate in any business or activity which is competitive in nature with the System or any of the Products, or with our or any of our affiliates' now existing or later

developed businesses or systems, or (3) use any of the Customer Data for any reason other than operation of the Franchised Business. You must prohibit the same by any sales representative, employee or agent of yours or the Franchised Business, and under the Standard Program must also prohibit same from your Outlet Licensees.

Approved Locations may be used for the operation and conduct of the Franchised Business only and for no other use. You may not use the Marks in connection with any business or activities other than the Franchised Business.

We may in the future modify, expand or supplement the System or modify or add to the products offered under the Franchise Agreement, and we or any of our affiliates may in the future develop or offer new businesses or systems. If we determine, in our reasonable discretion, that any behavior previously not in violation of such restrictions later violates such restrictions, we may require that you cease such behavior upon written notice to you. There is no limit on our rights to change or modify the types of authorized goods and services required by us for you to operate your business.

You must use your best efforts to develop a sales organization to sell and increase sales of, and legitimately and ethically advertise, market, promote, distribute and sell Products to Approved Customers who reside within the Area of Responsibility by means of in-the-home and in-person demonstrations or otherwise in accordance with the Manuals. Such efforts must always be conducted based upon the terms and conditions of the Franchise Agreement, must comply with the Manuals, including the Policies and Procedures, and must promote and demonstrate our standards of high quality and reputation.

You must provide prompt and workmanlike care and service, including service under any Franchisor Consumer Warranty, to all Approved Customers who have purchased Products directly from you or indirectly through your sales representatives (or under the Standard Program, your Outlet Licensees), and to all other owners of the Products residing within the Area of Responsibility or who may appear personally (or otherwise contact the Franchised Business) at the Approved Location, and to all owners of products (other than the Products) which may be designated from time to time by us, whether or not such products to be serviced were purchased from or through you. Under the Associate Program, in some instances, this obligation may be discharged through a contractual arrangement with an existing Aerus Business.

You are required to fulfill or cause to be fulfilled any and all promises and commitments made to Approved Customers by you, and any of your sales representatives, employees, agents, and under the Standard Program, your Outlet Licensees.

You must receive and investigate all complaints from consumer end-users of the Products sold by or through you or who otherwise appear personally at an Approved Location (or otherwise contact the Franchised Business) for assistance and make good faith efforts to resolve all such complaints in a fair and equitable manner to the consumer end-users' satisfaction.

You must promptly report to us any attempted improper sales or purchases of the Products, including sales by you or any of your sales representatives, employees or agents (or under the

Standard Program, your Outlet Licensees) to any consumer who is not an Approved Customer or who does not reside within your Area of Responsibility.

See Items 8, 9, 11 and 12 for additional information concerning restrictions on what You may sell.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

The 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

Category	Section in Agreement	Summary
a. Length of the term	Section 2 and Schedule 1	As defined in Schedule 1. Initial term is equal to 1 year.
b. Renewal or extension of the term	Section 2 and Schedule 1	If we are then offering new franchise rights for the establishment of Aerus Businesses in the State where the franchise subject to renewal is located and you satisfy the requirements for renewal, you may renew for an additional one (1) year renewal term.
c. Requirements for franchisee to renew or extend	Section 2	Provided we are then offering new franchise rights for the establishment of Aerus Businesses in the State where the franchise subject to renewal is located, you may renew subject to the following conditions: (1) you give us written notice of your desire to renew 30 days before expiration of the initial term; (2) there is no uncured default at the time of renewal; (3) you have achieved at least $10,000 in monthly Gross Sales during each of the prior six months; (4) you execute our then-current form of franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement); (5) you pay a $100 renewal fee; and (6) you, your principals, and your guarantors sign a general release in favor of us and our affiliates.
d. Termination by Franchisee	Section 15	Must give us 30 days' notice and opportunity to cure any breach of the Franchise Agreement. Your sole remedy will be to terminate the Franchise Agreement (subject to applicable state law).
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with "cause"	Sections 15.B	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. "Cause" defined – curable defaults	Section 15.B (1)	Curable defaults include, among others: (a) you violate the license granted with respect to the Marks, the Software Systems, or the Customer Data, fail to satisfy any policy or procedure adopted by us concerning the Marks, the Software Systems, or the Customer Data, or otherwise

Category	Section in Agreement	Summary
		infringe on our rights in or to the Marks, the Software Systems, or the Customer Data; (b) without our prior written approval, you sell more than ten percent (10%) of the Products in any calendar quarter to persons outside of the Area of Responsibility; (c) you sell any Product to any person or entity other than an Approved Customer; (d) you violate any obligation of confidentiality or non-disclosure included in the Agreement; (e) you or any of your principals attempts a Transfer in violation of the Franchise Agreement; (f) any heir or personal representative of you fails to transfer the Franchised Business in accordance with Addendum C to the Franchise Agreement; (g) you violate any law, regulation, or ordinance, the violation of which affects the Franchise Agreement or the purposes listed in this section; (h) you, or any of your principals or guarantors, is convicted of any felony or misdemeanor involving moral turpitude; (i) you or any of your Outlet Licensees, Sales Representatives, employees, agents or representatives, makes any material misrepresentations or misstatements to, about or concerning us or the Products; (j) you or any of your Outlet Licensees, Sales Representatives, employees, agents or representatives, engages in any conduct that reflects materially and unfavorably upon the operation and reputation of us or the Products; (k) you cease to do business; (l) you or any guarantor becomes insolvent; (m) any provisions of the Franchise Agreement concerning the protection of the Marks is determined in any manner to be null, void or unenforceable; (n) you fail, refuse or neglect to pay any monies owing to us or our affiliates when due under the Franchise Agreement or any other agreement or to submit to us the financials or other information required by us and do not cure such failure, refusal or neglect within five (5) business days following notice from us; (o) if you or any of your Sale Representatives or Outlet Licensees violates or breaches any other provision of the Franchise Agreement or fails to satisfy any other of its non-monetary obligations, including but not limited to the Standards of Conduct noted in this Section of the Franchise Agreement, and do not cure such violation, breach or failure within fifteen (15) days after receiving notification from us of such violation, breach or failure; (p) you fail to meet the Minimum Sales Requirements for two (2) consecutive calendar quarters; (q) you or any of your Sales Representatives, Outlet Licensees, employees, agents or representatives is found to have offered, promoted, advertised or sold any Product by, through or on the Internet (except for any Company-created, Company-sponsored or Company-approved webpage); (r) you violate the advertising or promotion provisions of the Franchise Agreement; (s) you commit 3 violations or breaches of the Franchise Agreement for which a specific cure period is provided in Section 15 of the Franchise

Category	Section in Agreement	Summary
		Agreement (and for which you have in fact cured, in each instance, within the applicable cure period) within any twelve (12) month period (no further opportunities to cure will apply in this case; (t) you are declared to be in default under any material contract, agreement, or instrument with us or our affiliates or assigns, and such default continues beyond any applicable cure period; or (u) if you have not signed the Beyond Addendum, you or any of your Sales Representatives, Outlet Licensees, employees, agents or representatives, sells or attempts to sell or market any Beyond Product. References to Outlet Licensees in this Summary are not applicable to the Beyond Associate and Associate Program. Franchisees under the Beyond Associate and Associate Program are not permitted to open Licensed Outlets or have Outlet Licensees.
h. "Cause" defined – non-curable defaults[1]	Section 15.B.(2)	Noncurable defaults include, among others: (a) you are dissolved or terminated, or there occurs any change in the ownership or control of your Franchise, whether voluntary or by operation of law, with rare exceptions or unless we have otherwise approved such a change in advance in writing, (b) you or any of your guarantors commences or is the subject of a petition filed in a court of competent jurisdiction seeking relief with respect to you under the United States Bankruptcy Code, or any other United States federal or state bankruptcy, receivership or similar law; (c) you or any of your guarantors has appointed a receiver, trustee, conservator or a similar official; or (d) you or any of your guarantors makes a general assignment for the benefit its creditors.
i. Franchisee's obligations on termination/non-renewal	Section 15.E	Obligations include, among others, to cease operating the Franchised Business and cease to use the Marks and all elements of the System, cancel any fictitious name that contains the Marks, return all consigned inventory and other personal property that belongs to us, pay all sums that you owe to us, our affiliates, your landlord and other trade creditors, return all customer lists and information and other confidential information (including the Manuals and software), comply with all post termination confidentiality and non-compete requirements, and at our option, allow us to assume your lease for the Franchised Business premises, sell to us all furnishings, equipment, fixtures and other business assets used in connection with the Franchised Business, and assign your telephone numbers to us.
j. Assignment of contract by Franchisor	Section 20	No restriction on right to transfer

[1] The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (U.S.C.A. Sec. 101 *et seq.*).

Category	Section in Agreement	Summary
k. "Transfer" by Franchisee-defined	Section 20 and Addendums A and C	Includes sale, assignment, grant, conveyance, pledge, hypothecation or encumbrance.
l. Franchisor approval of transfer by Franchisee	Addendum C	You must obtain our consent before transferring any interest in the Franchise Agreement, in the assets of the Franchised Business, or any ownership interest in the franchisee (if the franchisee is not a natural person).
m. Conditions for Franchisor approval of transfer	Addendum C	Conditions include, among others: You must pay a transfer fee. The transferee also must sign current Franchise Agreement or enter into written agreement assuming all of your obligations.
n. Franchisor's right of first refusal to acquire Franchisee's business	No provision	Not applicable.
o. Franchisor's option to purchase Franchisee's business	Section 15.F	Upon expiration or termination of your Franchise Agreement, you may be required to do any one or more of the following, at our option: (1) if you operated the Franchised Business premises under a lease with a third party or, with leased equipment for use in the operation of the Franchised Business, you must assign to us any interest which you had in any lease or sublease for an Approved Location or any equipment related to the Franchised Business, (2) If you or any of your affiliates owns an Approved Location, you must sell or lease to us the Aerus Business premises including any building included in the lease, if applicable, for the fair market value of the land and building, (3) you must sell and assign to us any furnishings, equipment, signs, fixtures, vehicles, supplies and inventory in your possession at the time of expiration or termination, at cost or fair market value, calculated in accordance with the appraisal process discussed in the Manuals, whichever is less, (4) you must sell to us all or substantially all of any other tangible assets of the Franchised Business at your cost or the fair market value, calculated in accordance with the appraisal process contained in the Manuals, whichever is less, and(5) you must assign and release to us the telephone numbers used at any Approved Location.
p. Death or disability of Franchisee	Addendum C	Any interest in the Franchised Business held by you or any principal (if a natural person) must be transferred to a person whom we have approved within 12 months of death, or 6 months after a claim of permanent disability, as applicable.
q. Non-competition covenants during the term of the franchise	Section 6	You and your principals may not: promote the sale of, or sell, directly or indirectly, any floor care, air or water products or other products and services which are similar in nature to, or which are competitive substitutes for, the Products and may not undertake or participate in any business or activity which is competitive in nature with the System or any of the Products, or with our, or any of

Category	Section in Agreement	Summary
		our affiliates', now existing or future developed businesses or systems.
r. Non-competition covenants after the franchise is terminated or expires	Section 6 and 15.E	For a 1-year period following termination, expiration or transfer of the franchise (or transfer of an ownership interest in the franchise entity, as applicable) you and your principals may not: promote the sale of, or sell, directly or indirectly, any floor care, air or water products or other products and services which are similar in nature to, or which are competitive substitutes for, the Products and may not undertake or participate in any business or activity which is competitive in nature with the System or any of the Products, or with our, or any of our affiliates', now existing or future developed businesses or systems.
s. Modification of the Agreement	Section 21	Franchise Agreement may not be modified unless mutually agreed to in writing and signed by both parties.
t. Integration/merger clause	Section 21.A	The Franchise Agreement, together with the Manuals, constitutes the entire agreement and understanding of the parties. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. No claim made in any Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Sections 3, 6, 16 and 19	Except as otherwise provided in the case of injunctive relief, all disputes must be arbitrated before litigation may be brought. We will not be liable in an amount greater than the Standard Allocation paid during the prior 6 months.
v. Choice of forum	Section 16	Disputes must be submitted to arbitration before a single arbitrator in Dallas, Texas. If an award of $100,000 or more is rendered, it may be vacated by the party against whom it is rendered and submitted to a federal or state court, provided that the law of your state may require local law and venue to apply (subject to applicable state law).
w. Choice of law	Section 16	The Franchise Agreement will be interpreted, construed and enforced under the substantive law of Texas (subject to applicable state law).

Item 18

PUBLIC FIGURES

We do not employ any public figure or celebrity in our management, nor do we use a public figure or celebrity to promote our franchises.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Jason Johnson, Vice President of Sales Operations at (276) 642-7077, or at 1300 Valley Drive, P.O. Box 191, Bristol, Virginia 24201, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
SYSTEMWIDE OUTLET SUMMARY*
FOR YEARS 2023 TO 2025

Outlet Type	Year	Outlets at Start of Year	Outlets at the End of the Year	Net Change
Franchised	2023	196	191	-5
	2024	191	158	-33
	2025	158	148	-10
Company Owned	2023	12	9	-3
	2024	9	8	-1
	2025	8	3	-5
Total Outlets	**2023**	**208**	**200**	**-8**
	2024	**200**	**166**	**-34**
	2025	**166**	**151**	**-15**

*The totals above include franchised and company-owned Aerus Businesses operating in the United States and Canada.

TABLE 2
TRANSFERS OF FRANCHISED OUTLETS
FOR YEARS 2023 TO 2025

State	Year	Number of Transfers
Alabama	2023	0
	2024	1
	2025	0
Arkansas	2023	1
	2024	0
	2025	0
Arizona	2023	0
	2024	0
	2025	0
California	2023	0
	2024	0
	2025	0
Colorado	2023	0
	2024	0
	2025	0
Connecticut	2023	0
	2024	0
	2025	0
Delaware	2023	0
	2024	0
	2025	0
Florida	2023	0
	2024	0
	2025	0
Georgia	2023	0
	2024	0
	2025	0
Idaho	2023	0
	2024	0
	2025	0
Illinois	2023	0
	2024	0
	2025	0
Indiana	2023	0
	2024	0
	2025	0
Iowa	2023	0
	2024	0
	2025	0
Kansas	2023	0
	2024	1
	2025	0

State	Year	Number of Transfers
Kentucky	2023	0
	2024	0
	2025	0
Maine	2023	0
	2024	1
	2025	0
Maryland	2023	0
	2024	0
	2025	0
Massachusetts	2023	1
	2024	0
	2025	0
Michigan	2023	0
	2024	0
	2025	0
Minnesota	2023	0
	2024	0
	2025	0
Mississippi	2023	0
	2024	0
	2025	0
Montana	2023	0
	2024	0
	2025	0
Nevada	2023	0
	2024	0
	2025	0
New Hampshire	2023	0
	2024	0
	2025	0
New Jersey	2023	1
	2024	0
	2025	0
New York	2023	0
	2024	1
	2025	1
North Carolina	2023	0
	2024	0
	2025	0
North Dakota	2023	0
	2024	0
	2025	0
Ohio	2023	0
	2024	0
	2025	0
Oklahoma	2023	0

State	Year	Number of Transfers
	2024	0
	2025	0
Oregon	2023	0
	2024	0
	2025	0
Pennsylvania	2023	0
	2024	0
	2025	0
South Carolina	2023	0
	2024	0
	2025	0
Tennessee	2023	0
	2024	1
	2025	1
Texas	2023	0
	2024	0
	2025	1
Utah	2023	0
	2024	0
	2025	0
Vermont	2023	0
	2024	0
	2025	0
Virginia	2023	0
	2024	0
	2025	0
Washington	2023	1
	2024	0
	2025	0
West Virginia	2023	0
	2024	0
	2025	0
Wisconsin	2023	0
	2024	0
	2025	0
U.S. Totals	**2023**	**4**
	2024	**5**
	2025	**3**
Alberta	2023	0
	2024	0
	2025	0
British Columbia	2023	0
	2024	0
	2025	0
New Brunswick	2023	0
	2024	0

State	Year	Number of Transfers
	2025	0
Newfoundland	2023	0
	2024	0
	2025	0
Nova Scotia	2023	0
	2024	0
	2025	0
Ontario	2023	1
	2024	0
	2025	0
Prince Edward Isl	2023	0
	2024	0
	2025	0
Quebec	2023	0
	2024	0
	2025	0
Saskatchewan	2023	0
	2024	0
	2025	0
Totals (U.S. and Canada)	**2023**	**5**
	2024	**5**
	2025	**3**

TABLE 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2023 TO 2025 (UNITED STATES)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Alabama	2023	5	0	1	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	1	0	0	0	3
Arkansas	2023	3	0	0	0	0	1	2
	2024	2	0	0	0	0	0	2
	2025	2	0	1	0	0	0	1
Arizona	2023	2	0	0	0	0	0	2
	2024	2	0	0	1	0	0	1
	2025	1	0	0	0	0	0	1
California	2023	9	0	0	0	0	0	9
	2024	9	0	0	1	0	0	8
	2025	8	0	0	0	0	0	8
Colorado	2023	3	0	0	0	0	0	3
	2024	3	0	0	1	0	0	2
	2025	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Connecticut	2023	10	0	0	0	0	1	9
	2024	9	0	0	4	0	0	5
	2025	5	0	0	0	0	0	5
Delaware	2023	2	0	0	0	0	0	2
	2024	2	0	0	1	0	0	1
	2025	1	0	0	0	0	0	1
Florida	2023	7	0	0	0	0	0	7
	2024	7	0	0	2	0	0	5
	2025	5	0	0	0	0	0	5
Georgia	2023	3	0	1	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Idaho	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Illinois	2023	6	0	0	0	0	0	6
	2024	6	0	0	1	0	0	5
	2025	5	0	0	0	0	0	5
Indiana	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Iowa	2023	4	0	1	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	1	0	0	0	2
Kansas	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Kentucky	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Maine	2023	5	0	0	0	0	1	4
	2024	4	0	0	1	0	0	3
	2025	3	0	0	0	0	0	3
Maryland	2023	8	0	0	0	0	0	8
	2024	8	0	0	2	0	0	6
	2025	6	0	0	0	0	0	6
Massachusetts	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	1	0	0	0	0	6
Minnesota	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Mississippi	2023	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
	2024	2	0	0	0	0	0	2
	2025	2	0	1	0	0	0	1
Missouri	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	1	0	0	0	0
Montana	2023	2	0	0	0	0	0	2
	2024	2	0	0	1	0	0	1
	2025	1	0	0	0	0	0	1
Nevada	2023	2	0	0	0	0	0	2
	2024	2	0	0	1	0	0	1
	2025	1	0	0	1	0	0	0
New Jersey	2023	9	0	1	0	0	0	8
	2024	8	0	0	1	0	0	7
	2025	7	0	1	0	0	0	6
New York	2023	16	0	0	0	0	0	16
	2024	16	0	0	2	0	0	14
	2025	14	0	0	0	0	1	13
North Carolina	2023	8	2	1	0	0	0	9
	2024	9	0	0	2	0	0	7
	2025	7	0	1	0	0	0	6
North Dakota	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Ohio	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Oklahoma	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
	2025	0	0	0	0	0	0	0
Oregon	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	1	0	0	0
Pennsylvania	2023	7	0	0	0	0	0	7
	2024	7	0	0	2	0	0	5
	2025	5	0	0	0	0	0	5
Rhode Island	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
South Carolina	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee	2023	4	0	0	0	0	0	4
	2024	4	0	0	2	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
	2025	2	0	0	0	0	0	2
Texas	2023	6	0	0	0	0	0	6
	2024	6	0	0	1	0	0	5
	2025	5	0	0	0	0	0	5
Utah	2023	3	0	0	0	0	0	3
	2024	3	0	0	1	0	0	2
	2025	2	0	0	0	0	0	2
Vermont	2023	3	0	0	0	0	0	3
	2024	3	0	0	1	0	0	2
	2025	2	0	0	0	0	0	2
Virginia	2023	6	0	0	0	0	0	6
	2024	6	0	0	1	0	0	5
	2025	5	0	0	0	0	1	4
Washington	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	1	2
	2025	2	0	0	0	0	0	2
West Virginia	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Wisconsin	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Totals	**2023**	**158**	**4**	**5**	**0**	**0**	**3**	**154**
	2024	**154**	**1**	**0**	**30**	**0**	**1**	**124**
	2025	**124**	**2**	**7**	**2**	**0**	**2**	**115**

(CANADA)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Alberta	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
British Columbia	2023	9	0	0	0	0	0	9
	2024	9	0	1	0	0	0	8
	2025	8	0	0	0	0	0	8
New Brunswick	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Newfoundland	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Nova Scotia	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Ontario	2023	14	0	1	0	0	0	13
	2024	13	0	0	1	0	0	12
	2025	12	0	1	0	0	0	11
Prince Edward Isl	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Quebec	2023	3	0	0	0	0	0	3
	2024	3	0	0	1	0	0	2
	2025	2	0	0	0	0	0	2
Saskatchewan	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Totals	**2023**	**38**	**0**	**1**	**0**	**0**	**0**	**37**
	2024	**37**	**0**	**1**	**2**	**0**	**0**	**34**
	2025	**34**	**0**	**1**	**0**	**0**	**0**	**33**

TABLE 4
STATUS OF COMPANY-OWNED OUTLETS[1] FOR YEARS 2023 TO 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Kansas	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
	2025	0	0	0	0	0	0
Massachusetts	2023	6	0	0	2	1	3
	2024	3	0	0	0	0	3
	2025	3	0	0	2	1	0
New York	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Rhode Island	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	1	0
Texas	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	1	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Totals	**2023**	**12**	**0**	**0**	**2**	**1**	**9**
	2024	**9**	**0**	**0**	**0**	**1**	**8**
	2025	**8**	**0**	**0**	**3**	**2**	**3**

(1)As stated in Item 1, neither we nor Aerus operate Aerus Businesses. However, certain of Aerus' subsidiaries and affiliates operate Aerus Businesses. These outlets are disclosed in the table above.

TABLE 5

PROJECTED NEW FRANCHISED OUTLETS AS OF DECEMBER 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
North Carolina	0	1	0
New York	0	1	0
Total	**0**	**2**	**0**

A list of the names, addresses and telephone numbers of all of our franchisees and a list of the franchisees who had an agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during our last fiscal year, or have not communicated with us within ten weeks of the date of this Disclosure Document are identified on Exhibit 6. 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 us. 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.

There are no trademark specific franchisee organizations associated with the franchise system being offered.

Item 21

FINANCIAL STATEMENTS

Included in this Disclosure Document as Exhibit 1 is a copy of our audited financial statements as of December 31, 2025, December 31, 2024, and December 31, 2023. In addition, we have included unaudited financial statements for the period beginning January 1, 2026, through March 31, 2026. Our fiscal year ends December 31st.

Item 22

CONTRACTS

Forms of the following contracts are attached to this Disclosure Document:

Exhibit 2(a)	Franchise Agreement (Standard Program), Lease Rider, Software License Agreement and Consigned Products Security Agreement.
Exhibit 2(b)	Franchise Agreement (Associate Program), Lease Rider, Software License Agreement and Consigned Products Security Agreement.
Exhibit 2(c)	Beyond Addendum
Exhibit 3	Secured Promissory Note, Security Agreement and Guaranty
Exhibit 7	Commitment Letter

Item 23

RECEIPTS

Two copies of a Receipt for this Disclosure Document are attached as the last two pages.

STATE SPECIFIC ADDENDA

(California, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington, Wisconsin)

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).

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

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur at Dallas, Texas with the costs being borne by non-prevailing party. This provision may not be enforceable under California law.

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.

California's Franchise Investment Law (Corporations Code section 31512) states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the California Franchise Investment Law or any rule or order thereunder is void.

California's Franchise Investment Law (Corporations Code section 31512.1) states that any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following is deemed contrary to public policy and is void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; and (d) violations of any provision of this division.

The franchise agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

The maximum interest rate in California is 10% annually. We do not offer financing to California franchises.

Neither the Franchisor nor any person listed in Item 2 of this offering circular is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

OUR WEBSITES (www.aerusonline.com and www.beyondbyaerus.com) HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT dfpi.ca.gov.

The undersigned does hereby acknowledge receipt of this addendum.

Date	Signature	Printed Name
Date	Signature	Printed Name

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

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

Any provision in the franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois. 815 ILCS 705/4 (West 2012).

Sections 19 and 20 of the Illinois Franchise Disclosure Act govern termination of a franchise agreement and the rights franchisee has upon non-renewal of a franchise agreement. 815 ILCS 705/19, 20 (West 2012),

Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with Illinois Franchise Disclosure Act, **or any other law of Illinois** is void. 815 ILCS 705/41 (West 2012).

In this franchise system, you must pay a "security deposit" to the Franchisor, equal to 88% of the total allocation of consigned products and service parts that you are required to buy and maintain during the term of the franchise. The consigned products and parts are owned by the Franchisor and some of its affiliates. If your required allocation of inventory increases, your security deposit will increase, as well.

During the fiscal year ended December 31, 2025, the Franchisor derived $13.12 million in revenue from purchase and leases required to be made by franchisees from the Franchisor. This accounted for 91% of the Franchisor's total revenue that year.

If you elect to purchase an existing AERUS business from the Franchisor or one of its affiliates, you may be required to pay up to $200,000 for "Goodwill".

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor, franchise seller, or other person acting on behalf of a Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Franchisor:

Date	Signature	Printed Name

Franchisee:

Date	Signature	Printed Name

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Rights and Disclosure Law.

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy law (U.S.C.A. Sec. 101 *et seq.*).

Notwithstanding the provision that the forum for dispute resolutions, including lawsuits and other actions brought under this Agreement (if applicable), shall be Dallas, Texas and that Texas law shall apply, You may still file a civil lawsuit in Maryland alleging a violation of the Maryland Franchise Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Item 5 of the Disclosure Document is amended as follows:

> Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement and the outlet is opened.

For Franchisees in Maryland, any initial fees will be deferred until the Franchisor has completed its pre-opening obligations and the outlet is opened.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Franchisor:

Date	Signature	Printed Name

Franchisee:

Date	Signature	Printed Name

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

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 Disclosure Document or agreement can abrogate or reduce any of the 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, Company will comply with Minnesota Statute. Section 80C, Subds. 3, 4, and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of this Agreement.

The general release required as a condition of renewal shall not apply to any Franchised Business located in the State of Minnesota.

For Franchised Businesses located in the State of Minnesota, Company will protect Franchisee's right to use the Marks or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks, provided that Franchisee is using the Marks as provided in the Manuals or as otherwise required by Company or by its Affiliates.

The liquidated damages clause does not apply to franchises in the State of Minnesota.

The Minnesota Department of Commerce Securities & Registration Division requires us to defer payment of the initial franchise fee and other initial payment owed by the franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement and the franchise is open and operational.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Franchisor:

Date	Signature	Printed Name

Franchisee:

Date	Signature	Printed Name

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

This addendum is applicable for all New York franchises.

STATE COVER PAGE

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT 4 OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are not significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934,

suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4

Neither we nor any affiliate or predecessor or current officer or general partner have during the 10 year period immediately before the date of this Disclosure Document (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code, during or within 1 year after the officer or general partner, held this position with the company or partnership.

4. The following is added to the end of Item 5

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

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchise to renew or extend,", and Item (m), entitled "Conditions for franchisor approval of transfer".

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee": You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Franchisor:

Date	Signature	Printed Name

Franchisee:

Date	Signature	Printed Name

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.
>
> Covenants not to compete during the term of and upon termination or expiration of the Franchise Agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.
>
> The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.
>
> The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.
>
> The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.
>
> The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.
>
> The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.
>
> The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

The undersigned does hereby acknowledge receipt of this addendum.

Franchisor:

Date	Signature	Printed Name

Franchisee:

Date	Signature	Printed Name

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 *et seq.*).

"According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The following applies to a Franchise Agreement executed on or after July 1, 2026, for a franchise located in Virginia:

(a) Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

(b) Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

The undersigned does hereby acknowledge receipt of this addendum.

Franchisor:

Date	Signature	Printed Name

Franchisee:

Date	Signature	Printed Name

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Section 17 of the Franchise Agreement (Standard Program) is amended to add the following to the end of Section 17: "Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's gross negligence, willful misconduct, strict liability, or fraud."

20. Section 17 of the Franchise Agreement (Associate Program) is amended to add the following to the end of Section 17: "Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's gross negligence, willful misconduct, strict liability, or fraud."

The undersigned parties do hereby acknowledge receipt of this Addendum.

Franchisor:

Date	Signature	Printed Name

Franchisee:

Date	Signature	Printed Name

WISCONSIN ADDENDUM TO DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

The undersigned does hereby acknowledge receipt of this addendum.

Franchisor:

Date	Signature	Printed Name

Franchisee:

Date	Signature	Printed Name

EXHIBIT 1

FINANCIAL STATEMENTS

Aerus Franchising, LLC

Financial Report

December 31, 2025

BROWNEDWARDS
certified public accountants

Aerus Franchising, LLC

Contents

Independent Auditor's Report 1

Financial Statements

Balance Sheets 3
Statements of Income 4
Statements of Members' Equity 5
Statements of Cash Flows 6
Notes to Financial Statements 7

BROWNEDWARDS
certified public accountants

Independent Auditor's Report

To the Board of Directors and Members of
Aerus Franchising, LLC
Dallas, Texas

Opinion

We have audited the accompanying financial statements of Aerus Franchising, LLC (the "Company") (a Delaware limited liability company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, members' equity, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Tennessee
April 30, 2026

Financial Statements

Aerus Franchising, LLC

Balance Sheets

December 31, 2025 and 2024

ASSETS	**2025**	**2024**
CURRENT ASSETS		
Accounts receivable, net (Note 4)	$ 264,090	$ 541,794
Prepaid expenses	18,100	37,094
Related party receivables (Note 6)	4,019,425	4,009,829
Notes receivable, net (Note 5)	15,000	30,000
Inventories	1,502,430	1,707,850
Income tax overpayment receivable	22,260	-
Total current assets	5,841,305	6,326,567
NON-CURRENT ASSETS		
Notes receivable, net (Note 5)	142,761	2,975
Deferred tax asset (Note 7)	179,202	209,918
Total non-current assets	321,963	212,893
Total assets	**$ 6,163,268**	**$ 6,539,460**
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accrued liabilities	$ 371,912	$ 507,713
Security deposits from franchisees	1,916,853	2,171,162
Deferred revenue	-	-
Income tax payable	-	64,363
Total current liabilities	2,288,765	2,743,238
MEMBERS' EQUITY		
Members' equity	3,874,503	3,796,222
Total members' equity	3,874,503	3,796,222
Total liabilities and members' equity	**$ 6,163,268**	**$ 6,539,460**

Aerus Franchising, LLC

Statements of Income

Years Ended December 31, 2025, 2024, and 2023

	2025	2024	2023
SALES, net	$ 14,066,044	$ 15,306,301	$ 17,018,056
COST OF SALES	10,628,557	11,689,701	13,328,145
Gross profit	3,437,487	3,616,600	3,689,911
OPERATING EXPENSES			
Selling expenses	1,018,407	935,063	886,985
Marketing expenses	60,506	191,699	181,615
Distribution			
Administrative expenses	2,248,561	2,345,971	2,518,557
Total operating expenses	3,327,474	3,472,733	3,587,157
Operating income	110,013	143,867	102,754
OTHER INCOME (EXPENSE)			
Interest income	4,455	1,753	737
Interest expense	-	-	(218)
Miscellaneous expense	(222)	-	-
Total other income (expense), net	4,233	1,753	519
Net income before income taxes	114,246	145,620	103,273
PROVISION FOR INCOME TAXES	35,965	38,976	35,738
Net income	**$ 78,281**	**$ 106,644**	**$ 67,535**

The Notes to the Financial Statements are an integral part of these statements.

Aerus Franchising, LLC

Statements of Members' Equity

Years Ended December 31, 2025, 2024, and 2023

BALANCE, December 31, 2022	$ 3,622,043
Net income	67,535
BALANCE, December 31, 2023	3,689,578
Net income	106,644
BALANCE, December 31, 2024	3,796,222
Net income	78,281
BALANCE, December 31, 2025	**$ 3,874,503**

Aerus Franchising, LLC

Statements of Cash Flows

Years Ended December 31, 2025, 2024, and 2023

	2025	2024	2023
OPERATING ACTIVITIES			
Net income	$ 78,281	$ 106,644	$ 67,535
Adjustments to reconcile net income to net cash provided by operating activities			
Changes in current assets and liabilities			
(Increase) decrease in:			
Accounts receivable, net	277,704	(373,949)	91,452
Prepaid expenses	18,994	1,626	10,407
Related party receivables	(9,596)	161,629	11,210
Notes receivable	(124,786)	98,456	18,824
Inventories	205,420	419,648	8,757
Other receivables	(22,260)	3,476	(3,476)
Deferred tax	30,716	(61,707)	(16,519)
(Decrease) increase in:			
Accrued liabilities	(135,801)	95,036	106,498
Security deposits	(254,309)	(472,921)	(262,326)
Income tax payable	(64,363)	64,363	(11,014)
Deferred revenue	-	(42,301)	(21,348)
Net cash provided by operating activities	-	-	-
FINANCING ACTIVITIES			
Distributions paid	-	-	-
Net cash provided by financing activities	-	-	-
Increase (decrease) in cash and cash equivalents	-	-	-
CASH AND CASH EQUIVALENTS			
Beginning of year	-	-	-
End of year	$ -	$ -	$ -
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION			
Cash payments for income taxes	**$ 103,130**	**$ 44,069**	**$ 81,934**

Aerus Franchising, LLC

Notes to Financial Statements

December 31, 2025

Note 1 – Organization

Organization and Nature of Operations

Aerus Franchising, LLC (the "Company") (a Delaware limited liability company), was formed on May 2, 2001 for the purpose of franchising certain former branch locations of Aerus, LLC. The Company is owned 99% by Aerus, LLC with the other 1% owned by members of Aerus, LLC management. The Company earns franchise fees and royalties through a network of approximately 142, 171, and 210 franchised locations as of December 31, 2025, 2024, and 2023, respectively, which sells products supplied primarily by Aerus, LLC.

Note 2 – Summary of Significant Accounting Policies

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

The Company primarily sells its machines on a consignment basis to its franchisees. Revenue from sales through franchisees is recognized as the franchisees sell inventory. Revenue from the sale of parts is recognized upon shipment to franchisees. The Company also sells products to distributors and through sales representatives. For products sold through distributors and sales representatives, revenue is recognized upon shipment.

Revenue from sales of individual franchises as well as franchise renewals are recognized as deferred revenue when received and recognized as revenue over the contractual term of the franchise agreements (3 years). Revenue from royalties and administration fees is recognized when the related services are performed. Revenue from closing and transfer fees are recognized when the Company accepts the terms of the franchise.

Accounts Receivable

Accounts receivable are recorded at the invoiced amounts owed for products shipped and typically do not bear interest. Amounts are recorded net of an allowance for expected credit losses which represents the best estimate of probable loss inherent in the Company's accounts receivable portfolio. The allowance for credit losses is computed under the allowance method, based on experience, current economic conditions, and the financial condition of customers. Accounts considered uncollectible are charged off against the allowance account in the year they are deemed uncollectible. Other receivables are comprised of tariff and Canadian fee refunds which are expected to be received within one year.

Notes Receivable

Notes receivable consists primarily of amounts due from franchisees. The allowance for credit losses is estimated, based on experience, current economic conditions, and the financial condition of borrowers. Provisions for credit loss is determined based on an evaluation of the credit risk of the franchisee. Credit risk is based on payment history and the franchisee's level of business.

Inventories

Inventories, which consist of finished goods and parts, are carried at the lower of cost or net realizable value, determined using a first-in, first-out method of inventory valuation. All inventory is held at the franchise locations.

Security Deposits

The Company requires the franchisees to provide a security deposit as security for the consigned inventory. The minimum deposit required by each franchise is based on a contractually agreed-upon percentage of the inventory held by each franchise.

Deferred Revenue

Revenue from sales of individual franchises as well as franchise renewals are recognized as deferred revenue when received and recognized as revenue over the contractual term of the franchise agreements (3 years).

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

Effective January 1, 2021, the Company elected to be taxed as a C corporation. Prior to this date, as a limited liability company, the Company elected to be treated as a disregarded entity for federal and state tax purposes. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences, income tax credits, and net operating loss carryforwards. Temporary differences are primarily the result of the differences between the tax bases of assets and liabilities and their financial reporting amounts and net operating loss, carryforwards, and tax credits. Deferred tax assets and liabilities are measured by applying enacted statutory tax rates applicable to the future years in which deferred tax assets or liabilities are expected to be settled or realized. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense consists of the taxes payable for the current period and the change during the period in deferred tax assets and liabilities.

The Company follows Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, relating to unrecognized tax benefits. The Company's income tax filings are subject to audit by taxing authorities. The Company's open audit periods are 2022-2025. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes its estimates are appropriate based on current facts and circumstances.

Warranty Policy

Warranty claims exposure is considered to be a liability of Aerus, LLC, and no such warranty accrual is recorded on the Company. Aerus, LLC is the manufacturer of the machines and is ultimately liable for any warranty claim and liability.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could vary from the estimates that were used.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. The Company is from time to time engaged in litigation in the normal course of business.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they arise from guarantees, in which case the guarantees would be disclosed.

Subsequent Events

The Company has appropriately evaluated subsequent events through April 30, 2026 and has concluded no material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Note 3 – Revenue Recognition

The following table disaggregates revenue for the years ended December 31:

	2025	2024	2023
Initial and renewal franchise fees	$ 251,041	$ 48,401	$ 81,349
Royalty and other franchise fees	695,959	850,718	1,677,482
Machine and parts sales	13,119,044	14,407,182	15,259,225
	$ 14,066,044	**$ 15,306,301**	**$ 17,018,056**

Contract liabilities (included in deferred revenue) consist of the following:

	2025	2024	2023
Contract liabilities	**$ -**	**$ -**	**$ 42,301**

Note 4 – Accounts Receivable

Accounts receivable consist of the following as of December 31:

	2025	2024	2023
Accounts receivable	$ 369,884	$ 609,330	$ 209,426
Less allowance for credit loss	(105,794)	(67,536)	(41,581)
	$ 264,090	**$ 541,794**	**$ 167,845**

Allowance for credit losses:

	2025	2024
Beginning balance	$ (67,536)	$ (41,581)
Provision for credit losses	(38,258)	(25,955)
Write-offs	-	-
Recoveries	-	-
Ending balance	**$ (105,794)**	**$ (67,536)**

Note 5 – Notes Receivable

Notes receivable from franchisees at December 31 are as follows:

	2025	2024
Notes receivable	$ 774,725	$ 710,241
Less allowance for credit losses	(616,964)	(677,266)
Notes receivable, net	157,761	32,975
Less current portion of notes receivable	(15,000)	(30,000)
Long-term portion of notes receivable	**$ 142,761**	**$ 2,975**

Allowance for credit losses:

	2025	2024
Beginning balance	$ (677,266)	$ (570,045)
Provision for reversal of credit losses	-	(107,221)
Write-offs	60,302	-
Recoveries	-	-
Ending balance	**$ (616,964)**	**$ (677,266)**

Notes receivable from franchisees relates to sales of franchise rights to the Company's branch locations and certain branch assets to franchisees. The notes receivable from franchisees typically bear interest from 7-10% per annum, have original terms of three to five years, and are unsecured. In 2020, Aerus began financing notes to franchisees for fees paid to become a Beyond Franchise (entitles franchise to sell items not available to other franchises). For the year ended December 31, 2025 and 2024, $9,380 and $24,175 notes were financed by the Company, respectively. These notes do not bear interest.

Note 6 – Related Party Transactions

For the year ended December 31, 2023 Aerus charged the Company $3,285,000 for certain corporate overhead services, which is included in administrative expenses. For the year ended December 31, 2024, this amount decreased to $2,861,000. For the year ended December 31, 2025, this amount increased to $3,045,000.

At December 31, 2025 and 2024, the Company has total receivables of $4,019,425 and $4,009,829 respectively, due from ActivePure Enterprise, ActivePure Partner, ActivePure Global, ActivePure Manufacturing, AES, Aerus Canada, Aerus Enterprise, Pure (ABC), Pure (TPC), and Vollara. Royalty fees due to the Company as well as note payment and funds from the sale of machines and parts are collected by Aerus, LLC and submitted to the Company. The receivable represents amounts collected by Aerus, LLC but not submitted to the Company at December 31, 2025. The receivable has been classified as current in the accompanying balance sheets because payment is anticipated during the next year.

The Company is a guarantor for debt of AP Sciences Group, LLC, as follows:

AP Sciences Group, LLC has a Line of Credit Agreement ("LOC") with a commercial bank. The LOC has an advance limit of $10,000,000 at an interest rate equal to the Secured Overnight Financing Rate (SOFR) plus 2.35%. This LOC expires on August 31, 2026.

As of December 31, 2025, the balance of the LOC was $-0-.

Note 7 – Income Taxes

The Company elected to be treated a C corporation for income tax purposes effective January 1, 2021. In accordance with GAAP a deferred tax asset was calculated as of December 31, 2025 and 2024.

The components of the Company's net deferred tax asset as of December 31 is as follows:

	2025	2024
Net operating loss	$ 6,449	$ -
Contributions	2,600	-
Notes receivable reserve	170,153	209,918
Net deferred tax asset	**$ 179,202**	**$ 209,918**

The provision for income taxes consists of the following components:

	2025	2024
Current income tax expense	$ 5,249	$ 100,683
Deferred tax provision	30,716	(61,707)
	$ 35,965	**$ 38,976**

Reported income tax (expense) benefit for the year ended December 31, 2025 differs from the expected tax expense, computed by applying a blended U.S. Federal statutory and state income tax rate of 26% to income (loss) before income taxes. The difference is primarily due to certain expenses that are considered nondeductible for tax purposes and certain tax deductions that are not deducted for financial statement purposes.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Aerus Franchising, LLC
Balance Sheet
As of March 31, 2026

Assets		
Current Assets		
Cash		
Cash & Cash Equivalents		(7,967)
	Total Cash	**(7,967)**
Accounts Receivable		
Accounts Receivable		1,303,999
	Total A/R	**1,303,999**
Accounts Receivable - Reserve		
Accounts Receivable - Reserve		(611,162)
	Total A/R - Reserve	**(611,162)**
Inventory		
1915 -Inventory - Consigned Inventory		1,494,366
	Total Inventory	**1,494,366**
Inventory - Reserve		
Prepaid Expenses		
Prepaid Expenses		20,299
	Total Prepaid Expenses	**20,299**
	Total Current Assets	**2,199,534**
Long Term Receivables		
Long Term Receivables		75,688
	Total LT Receivables	**75,688**
Property Plant & Equipment		
Property Plant & Equipment		81,409
Accumulated Depreciation		(81,409)
Other Assets		
Other Assets		179,202
	Total Other Assets	**179,202**
	Total Assets	2,454,424
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable		(7,100)
	Total Accounts Payable	**(7,100)**
Accrued Liabilities		
Accrued Liabilities		2,232,835
	Total Accrued Liabilities	**2,232,835**

Aerus Franchising, LLC
Balance Sheet
As of March 31, 2026

Assets		
Current Portion - LT Debt		
Intercompany		
Intercompany		(4,594,976)
	Total Intercompany	**(4,594,976)**
Operating Lease St Liab		
	Total Current Liabilities	**(2,369,241)**
Long Term Liabilities		
Debt Payable - LT		
Operating Lease - LT Liab		
Other LT Liabilities		
	Total Liabilities	**(2,369,241)**
Equity		
Paid in Capital		
Paid in Capital		(50,429,100)
	Total Paid in Capital	**(50,429,100)**
Foreign Exchange Equity		
Retained Earnings		
Retained Earnings		54,303,603
	Total Retained Earnings	**54,303,603**
Net Income		
Net Income		949,162
	Total Net Income	**949,162**
	Total Equity	**4,823,665**
	Total Liabilities & Equity	2,454,424

Aerus Franchising, LLC
Profit & Loss
YTD March 31, 2026

		YTD
Revenue		
Sales		
4000	-Sales - Units	2,555,727
4005	-Sales - Parts	822,324
4015	-Sales - Admin Fees	155,251
4020	-Sales - Beyond Fees	100
4030	-Sales - Relocation Fee	100
4035	-Sales - Purchase Fees	1,100
4040	-Sales - Renewal Fees	1,900
4050	-Sales - Royalties	137,775
4065	-Sales - Finance Fee	9,575
4070	-Sales - Other	4,980
4100	-Associate Rebates	-38,973
4105	-Sales Rebates	-3,515
	Total Sales	**3,646,344**
Sales Discounts		
	Total Sales Discounts	**0**
	Total Net Sales	**3,646,344**
Cost of Goods Sold		
5000	-COGS - Units	1,680,268
5005	-COGS - Parts	584,646
	Total Standard Cost of Goods Sold	**2,264,914**
Cost of Goods Sold - Variances		
5102	-COGS Var - Freight In	5,250
5115	-COGS Var - Scrap	-9
5140	-Warranty	25,385
	Total Cost of Goods Sold - Variances	**30,626**
	Total Costs of Good Sold	**2,295,540**
	Gross Profit	**1,350,804**
Expenses		
Payroll		
7000	-Payroll - Salaries & Wages	94,347
7005	-Payroll - Health Ins	5,592
7010	-Payroll Taxes - FICA	5,609
7015	-Payroll Taxes - FUTA	114
7020	-Payroll Taxes - SUTA	586
7040	-Benefits - 401k Match	49
	Total Payroll	**106,297**
Selling		
6020	-Regional VP Salary	61,159
6025	-RFD Bonus	11,421
6530	-Contest	111,632
6535	-Spot Promo	10,731
6540	-Incentive Trips	30,000

Aerus Franchising, LLC
Profit & Loss
YTD March 31, 2026

		YTD
	Total Selling	**224,943**
Marketing		
6510	-Marketing - Events	200
	Total Marketing	**200**
Public Relations		
	Total Public Relations	**0**
Travel		
7400	-Travel Expense	379
7405	-Airfare Expenses	2,422
7410	-Hotel Expenses	2,246
7415	-Rental Car Expense	366
7420	-Meals & Entertainment	453
	Total Travel	**5,866**
Distribution		
7100	-Freight Out	144,205
7105	-Freight Revenue	-144,205
7115	-Postage	168
	Total Distribution	**168**
Consulting		
7255	-Consulting Fees	350
	Total Consulting	**350**
IT		
7655	-Computer Software	14,099
7670	-Data Processing	-2,793
7680	-Telephone Expense	9,016
	Total IT	**20,322**
Insurance		
7640	-Insurance - General	3,219
7645	-Rent Insurance	-684
	Total Insurance	**2,535**
Legal		
7500	-Legal	7,561
	Total Legal	**7,561**
Professional Fees		
7635	-Dues, Fees, & Subsciptions	-35,314
	Total Professional Fees	**-35,314**
Education & Training		
	Total Education & Training	**0**
Contract Labor		
7600	-Contract Labor	2,200
	Total Contract Labor	**2,200**
Bank Fees		
7610	-Bank Fees	-750
7615	-Merchant Fees	26,865
	Total Bank Fees	**26,115**
Facilities		
7700	-Rent Expense	1,335
7705	-Rent - CAM	-651
7710	-Utilities	251
	Total Facilities	**934**
General Office		

Aerus Franchising, LLC
Profit & Loss
YTD March 31, 2026

		YTD
7755	-Office Supplies	278
7760	-Donations	15,202
7770	-Employee Appreciation	42
7775	-Audit Fees	7,500
	Total General Office	**23,021**
Small Assets		
	Total Small Assets	**0**
R&D		
	Total R&D	**0**
MFG Spend Reclass		
OH Allocation		
	Total OH Allocation	**0**
Taxes - G&A		
8825	-Taxes - Property	404
	Total Taxes - G&A	**404**
Other		
	Total Other	**0**
	Total Operating Expenses	**385,603**
	Operating Profit	**965,201**
Other (Income)/Expense		
Other (Income)/Expense		0
	Total Other (Income)/Expense	**0**
	EBITDA	**965,201**
Depreciation and Amortization		**0**
	EBIT	**965,201**
Interest		
Interest Income		-1,129
	Total Interest (Income)/Expense	**-1,129**
Tax Provision		
8805	-Taxes - Foreign Income	2,142
8810	-Taxes - Franchise	26
8815	-Taxes - Income	15,000
	Total Tax Provision	**17,168**
	Net Income (Loss)	**949,162**

EXHIBIT 2(a)

FRANCHISE AGREEMENT (Standard Program),
LEASE RIDER, SOFTWARE LICENSE AGREEMENT AND
CONSIGNED PRODUCTS SECURITY AGREEMENT

FRANCHISE AGREEMENT (Standard Program)

THIS FRANCHISE AGREEMENT (Standard Program) (the "Agreement") is made effective as of the date shown on the signature page hereto (the "Effective Date") and is made between Aerus Franchising, LLC, a Delaware limited liability company, having its principal place of business at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254 ("Company") and the entity or individual executing this Agreement as "Franchisee" and having its primary residence or principal place of business at the address set forth in Schedule 1, attached hereto ("Franchisee"). Franchisee represents that the ownership interests shown in Schedule 2 attached hereto are true, complete and correct. Certain capitalized terms and phrases are used in this Agreement with the meanings assigned in Addendum A, attached hereto, which is incorporated herein by reference.

R E C I T A L S

A. Company grants franchises to qualified individuals and business entities for the right to establish and operate businesses that (i) market, distribute and sell the Company's and its Affiliates' line of air purification, water purification, water conditioning, floor care and other environmental products for homes and businesses, including accessories, attachments, parts and supplies; (ii) provide testing for environmental contaminants and market, distribute and sell products, services and treatments for the control of indoor environmental contaminants; and (iii) perform product repair, maintenance and related services for our products and certain products of our competitors (collectively, the "Proprietary Products"). The Proprietary Products bear or are identified by the trade name, trademark or service mark "Beyond", "Beyond by Aerus", "Aerus", "Lux", "Electrolux" or certain other indicia owned, licensed or otherwise contracted for by Company (the "Proprietary Marks") and are marketed, distributed and sold through (among other channels) a network of independent franchisees, operating from permitted fixed locations, and their permitted distributors, licensees and sales representatives, who each assume responsibility for their own marketing, promotion, sales and distribution of the Proprietary Products, directly or indirectly, to the end-user, consuming public.

B. Company and its Affiliates have developed a distinctive and proprietary system (the "Proprietary System") for establishing and operating businesses that offer and sell the Proprietary Products. The distinguishing characteristics of the Proprietary System include, among other things: identification by the Proprietary Marks; distinctive exterior and interior design, décor, color scheme and furnishings, fixtures and other trade dress elements; proprietary products; standards, specifications, policies and procedures for construction, management and operations; quality, distinctiveness and uniformity of products and services; standards, specifications, procedures and automated, software driven administrative systems for customer, lead, inventory, sales and financial management and control; sales, recruiting and lead generation programs; training and assistance; and advertising and promotional programs all as are more particularly described and designated in the Manuals and all of which we may change, improve, and further develop at Company's sole option from time to time.

C. Company grants to third parties the license and right to operate under one (1) of two (2) franchise programs, known as (i) the standard franchise program (the "Standard

Program"), and (ii) the associate franchise program (the "Associate Program"); both of which offer and sell certain of the Proprietary Products as determined from time to time by Company, are identified by certain of the Proprietary Marks as determined from time to time by Company, and use certain elements of the Proprietary System as determined from time to time by Company. The Company also grants to qualified franchisees operating under the Standard Program and Associate Program a right to sell "Beyond Products" which rights are granted solely pursuant to an addendum to their respective franchise agreement (the "Beyond Addendum"). For purposes of this Agreement, unless otherwise indicated herein, "Products" shall mean those Products determined by Company from time to time as applicable to the Standard Program "Beyond Products" shall mean those Proprietary Products determined by Company from time to time applicable to those franchisees who sign a Beyond Addendum and that are marketed, distributed and sold under the "Beyond" or "Beyond by Aerus" trademarks. "Marks" shall mean those Proprietary Marks determined by Company from time to time as applicable to the Standard Program, and "System" shall mean those elements of the Proprietary System determined by Company from time to time as applicable to the Standard Program.

D. Company may (i) establish additional franchise programs for the offer and sale of Products, which programs utilize the Marks and the System, (ii) cease granting licenses and rights to operate under one (1) or more of the above described franchise programs, or (iii) cease granting licenses and rights to operate under any franchise programs.

E. Company desires to grant to Franchisee, and Franchisee desires to receive and accept from Company, a license and franchise to operate an Aerus Business under the Standard Program at or from the Approved Locations in accordance with the System (the "Franchised Business"), pursuant and subject to the terms, conditions and provisions of this Agreement.

A G R E E M E N T

NOW, THEREFORE, for and in consideration of the foregoing premises and the promises set forth below and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged and confirmed, the parties agree as follows:

1. Grant of Franchise Rights.

A. Company hereby grants to Franchisee the right and license, and Franchisee hereby accepts the right and obligation, to establish and operate the Franchised Business (under the Standard Program) upon and subject to the terms, conditions and provisions of this Agreement. Franchisee agrees and acknowledges that Franchisee shall have the right to offer and sell the Products only to Approved Customers within the area identified as the Area of Responsibility in Schedule 1, attached hereto (the "Area of Responsibility"), all in accordance with the terms, conditions and provisions of this Agreement and the Manuals, including the Policies and Procedures. Except as otherwise provided herein, such offers and sales may only be made through the Approved Location or from in-home or in-person demonstrations conducted within the Area of Responsibility. Nothing herein shall be construed to grant the right to Franchisee to offer and sell the Beyond Products.

B. Subject to Company's prior approval, the Franchised Business shall be identified and operated by Franchisee only under the assumed name (the "Approved Name") "Aerus" (including such qualifiers and descriptions as may be set or approved by Company from time to time so as to geographically or otherwise distinguish one franchise from another), including the hanging of an approved exterior sign bearing such trade name; provided, that Company shall be permitted at any time and from time to time after the date of this Agreement, upon written notice, to alter or change the assumed name under which the Franchised Business shall be identified and operated. Franchisee shall, at its expense, make all county and state assumed name filings required by law (including any filings made necessary by a change in required trade names pursuant hereto) and provide evidence of such filing to Company.

C. The Franchised Business shall be operated from one or more Approved Locations and from no other physical location, except as may be permitted by Company in writing at its sole option. Franchisee shall cause any premises lease covering an Approved Location to include a lease rider in a form substantially similar to the form attached hereto as Exhibit I. Notwithstanding the generality of the foregoing, upon Company's prior written consent of and to any proposed Outlet Licensee which may be withheld or conditioned in Company's sole discretion, Franchisee shall be permitted to engage Outlet Licensees, on forms acceptable to Company and which grant no greater rights and retain at least the same restrictions and limitations (including without limitation adherence to the Manuals and to proper use of the Marks) as this Agreement, to establish, on a non-exclusive basis in accordance with the Manuals, additional physical locations (each a "Licensed Outlet") within those parts of the Area of Responsibility that do not include any part of another franchisee's protected area. Licensed Outlets shall be subject to all provisions of this Agreement and the Manuals concerning Approved Locations, except that repair, maintenance and warranty service may be provided by or at an affiliated approved location rather than on-site and, provided that, so long as Company receives prompt notice of the establishment and location of a Licensed Outlet, Company shall not require prior approval of the site or lease for any Licensed Outlet. Once notice is received by Company and this Agreement is amended accordingly, each Licensed Outlet shall constitute an Approved Location under this Agreement, for which Franchisee shall have all of the rights and obligations associated with any Approved Location under this Agreement and the Manuals. Outlet Licensees shall be solely and exclusively the responsibility of Franchisee for all purposes, including without limitation, all training and support. Company shall have no legal obligation whatsoever to or for the benefit of any Outlet Licensees; however, Company shall be a third-party beneficiary of any of Franchisee's rights under all agreements existing between Franchisee and any Outlet Licensees and may enforce such rights in its sole discretion. In its sole discretion at any time, Company may require a direct contractual relationship with any Outlet Licensee. Company reserves the right at any time to disallow the further establishment of Licensed Outlets or to impose any such policies, procedures and practices directed to the establishment and operation of Licensed Outlets as Company may deem appropriate in its sole discretion. Nothing herein shall be construed to grant Franchisee the right to sublicense or subfranchise all or part of the Marks or the System.

D. In order to facilitate the growth and development of the Franchised Business, Franchisee may from time to time (with Company's prior written consent) establish satellite locations (each a "Satellite") within those parts of the Area of Responsibility that do not include any part of another franchisee's protected area. Franchisee shall promptly notify Company of the establishment of a Satellite. Satellites shall be subject to all provisions of this Agreement and the

Manuals concerning Approved Locations, except that repair, maintenance and warranty service may be provided by or at an affiliated approved location rather than on-site and, provided that Company shall not require prior approval of the site or lease for any Satellite. Once opened, each Satellite shall constitute an Approved Location for which Franchisee shall have all of the rights and obligations associated with any Approved Location under this Agreement and the Manuals. Operation and compliance of Satellites shall be solely and exclusively the responsibility of Franchisee for all purposes. Franchisee shall be permitted to employ or engage, on forms reasonably acceptable to Company and which grant no greater rights and retain at least the same restrictions and limitations as this Agreement, Satellite Managers to operate the Satellites in accordance with this Agreement and the Manuals. Company shall have no liability for or obligation concerning any Satellite; provided, however, Company reserves the right at any time to disallow the further creation of Satellites or to impose any such policies, procedures and practices directed to the creation or operation of Satellites as Company may deem appropriate in its sole discretion.

E. Franchisee shall be permitted, at its own cost and expense, to hire and retain such employees, consultants and agents as Franchisee may deem necessary in establishing and operating the Franchised Business. Additionally, Franchisee shall be permitted to employ or engage, on forms reasonably acceptable to Company and which grant no greater rights and retain at least the same restrictions and limitations as this Agreement, Sales Representatives who shall operate in accordance with this Agreement and the Manuals, including the Policies and Procedures. Franchisee shall have sole authority and discretion regarding all employment matters, including without limitation, hiring, firing, discipline, compensation, benefits, and scheduling. Notwithstanding the generality of the foregoing, Company may from time to time set minimum staffing requirements and hours of operation for Approved Locations in the Manuals.

F. Except as provided in this Agreement, Company will not establish, permit or authorize any person or entity other than Franchisee to establish a physical location for the operation of any Aerus Business under any of the Programs listed in Recital C within the area identified as the Protected Area in Schedule 1, attached hereto (the "Protected Area").

G. Notwithstanding anything herein to the contrary, without Company's prior written approval, Franchisee shall not (1) conduct the Franchised Business under any actual or assumed name other than the Approved Name, (2) sell to any person or entity that is not an Approved Customer, (3) advertise, market or solicit sales outside of the Area of Responsibility, (4) sell to any person not residing within the Area of Responsibility, (5) conduct any aspect of the Franchised Business by, through, over or on the internet or world wide web, including without limitation, advertising, marketing and solicitation, unless or until Company establishes a Company sponsored program for such conduct by Franchisees and, then, only as part of and in accordance with such program, (6) use any trade name, trademark or service mark in connection with the Franchised Business other than the Marks (and then only in strict accordance with the terms and conditions of this Agreement, the Policies and Procedures, the Manuals and any specific guidelines imposed by Company), (7) advertise or sell any product or service from an Approved Location or through the Franchised Business bearing any trade name, trademark or service mark other than the Marks, (8) sell any product or service that is not a Product, or (9) permit any Product to be sold from any physical location other than an Approved Location, by any Person other than an authorized representative of Franchisee or in a manner otherwise inconsistent with the System.

H. Notwithstanding the foregoing and without limiting the generality of the provisions contained in this Section, Franchisee acknowledges that Company and its Affiliates and existing franchisees, distributors and licensees operate existing businesses and systems, and may in the future establish and operate new businesses and systems, including Aerus Businesses, under the same and other assumed names, trade names and trademarks as the Marks, which businesses and systems may offer or sell products and services similar or identical to the Products, and may do so (or grant licenses or franchises for third-parties to do so) within any part of the Area of Responsibility (except as limited by the rights granted hereunder). The right granted under this Agreement is only for the operation of the Franchised Business in accordance with this Agreement. Franchisee is granted no rights of any kind in and to any other business or system that may now or hereafter be owned, operated or licensed by Company or any of its Affiliates. Company and Company's Affiliates retain all rights not expressly granted herein. Company reserves the right to provide new products and services under the System, and to require or permit new products and services to be provided, marketed, promoted, distributed or sold hereunder by Franchisee through the Franchised Business, and may, in connection therewith, without limitation (1) require Franchisee to execute an additional or supplemental agreement and (2) require the payment of a royalty.

I. If not an existing Aerus Business, Franchisee shall open the Franchised Business at an Approved Location not later than the Opening Date. Company will identify any modifications or improvements to the premises of the Franchised Business, if any, which Franchisee shall make, at Franchisee's expense, prior to the Opening Date, or within such time period ending after the Opening Date as Company may designate in writing.

2. Term. Unless sooner terminated as provided herein, the duration of the initial term (the "Initial Term") and the renewal term (the "Renewal Term") will be as stated in Schedule 1 attached hereto, which, collectively, shall constitute the "Term" of this Agreement. Upon the expiration of the Initial Term, Franchisee may renew the franchise for one (1) Renewal Term, provided Company is then offering new franchise rights for the establishment of Aerus Businesses in the State where the franchise subject to renewal is located and provided Franchisee meets all of the following conditions: (1) Franchisee has no uncured Event of Default under the Agreement at the time of renewal; (2) Franchisee gives Company written notice of Franchisee's desire to renew at least thirty (30) days prior to the end of the Initial Term; (3) Franchisee has achieved ten thousand dollars ($10,000) or more in Gross Sales each month during the prior six (6) months; (4) Franchisee executes Company's then-current form of franchise agreement, which, upon execution, will supersede this Agreement and which may differ from the terms of this Agreement, including, without limitation, the payment of higher or additional fees and revised Minimum Sales Requirements; (5) Franchisee pays Company a renewal fee of one hundred dollars ($100) (in lieu of paying an initial franchisee fee); and (6) Franchisee and its principals and guarantors execute a general release, in a form satisfactory to Company, of any and all claims against Company and Company's current and former Affiliates, officers, directors, owners, employees, and agents. In the event the parties continue to perform under this Agreement after expiration of the Initial Term or Renewal Term without executing a new agreement, this Agreement will be deemed to extend on a month-to-month basis and both parties will have the right to terminate (and prevent further extensions of) this Agreement upon at least thirty (30) days' written notice.

3. License of the Marks.[2]

A. Company hereby grants to Franchisee a limited non-exclusive right and license to use the Marks in strict accordance and compliance with the terms and conditions of this Agreement, the Policies and Procedures and any specific guidelines Company may impose from time to time. Company may, at its option from time to time, modify and change the Marks permitted to be used by Franchisee hereunder and the manner in which such of the Marks may be used, including discontinuing the permitted use of any of the Marks. This license does not permit, and it shall be strictly prohibited for, Franchisee to use or include any of the Marks as a part of Franchisee's legal business name. All rights and licenses granted pursuant to this Section or otherwise in this Agreement concerning the Marks shall automatically terminate upon the expiration or termination of this Agreement, and Franchisee shall promptly thereafter return to Company any documents, forms, applications, signs, banners, advertisements, marketing information, product specifications, sales literature and other material bearing the Marks. All rights and goodwill in any of the Marks are the sole and exclusive property of Company and any applicable licensor of Company, and all use of the Marks shall inure to the sole benefit of Company and Company's Affiliates. Nothing in this Agreement gives Franchisee any right in or to any of the Marks, except as specifically set forth in this Agreement. Franchisee shall not, for itself or together with any other person or entity, challenge Company's right, title or privilege in or to any of the Marks. Franchisee acknowledges the value of the Marks and the importance for Company to maintain proper control of the use of the Marks and to protect the Marks from infringement, abuse and misuse. Franchisee further acknowledges that any infringement, abuse or misuse of the Marks would result in irreparable injury to Company for which no adequate remedy at law may be available, and, notwithstanding any general requirement to arbitrate disputes, Franchisee consents to the issuance of an injunction prohibiting any conduct by Franchisee that may constitute infringement, abuse or misuse of the Marks or that otherwise would violate the terms of this Section without the necessity of showing actual or threatened harm, likelihood of success on the merits of the claims and without being required to furnish a bond or other security. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Company in connection with the enforcement of this Section, including payment of all expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Section.

B. Franchisee shall notify Company immediately by telephone, and thereafter in writing, of any apparent infringement of or challenge to Franchisee's use of any of the Marks or of any claim by any person of any rights in any of the Marks. Company shall have the right to take such action as it deems appropriate in connection with the foregoing, including the right to control any settlement, litigation or proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, shall render such assistance, and shall do such acts or things as may, in Company's reasonable opinion, be necessary or advisable to protect and maintain Company's

[2] For Franchised Businesses located in the State of Minnesota, Company will protect Franchisee's right to use the Marks or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks, provided that Franchisee is using the Marks as provided in the Manuals or as otherwise required by Company or by its Affiliates.

or Company's Affiliate's interests in any litigation or other proceeding or to otherwise protect and maintain Company's, Company's Affiliate's or any other interested party's interest in the Marks.

C. The rights in, and license of, the Marks granted hereunder are non-exclusive and, in addition to those rights described elsewhere in this Agreement, Company and Company's Affiliates retain all rights not expressly granted in this Agreement, including without limitation, the rights: (1) to grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees, if any; (2) to develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any additional rights hereunder; and (3) to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of products and services, including the Products, using the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as Company may develop or use from time to time.

D. Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, any Internet home page, e-mail address, website, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Company's express prior written consent. Without limiting the generality of the foregoing, Franchisee shall not cause, permit or allow the Marks, or any of them, or any words, symbols or terms confusingly similar thereto, to be used or displayed in whole or part (1) as, or a part of, an Internet domain name or URL; or (2) on or in connection with any Internet home page, website, bulletin board, newsgroup, chat-group, buddy list, instant messenger, meta-tag (or the comparable identifier in any future technology) or other Internet-related activity. Franchisee shall not link to or frame any website to any other website or authorize any third party to link to or frame any website.

4. License of the Software and Administration Systems. As a primary and material element of the System, Company and its Affiliates have developed a proprietary computer information and office automation system, comprised of various software programs and modules (including modules for customer relationship and lead management, financial administration and inventory ordering and management) (the "Software and Administration Systems"), which system is currently known as the Aerus Franchise Office Automation System ("FOAS").

A. Franchisee shall own and maintain at an Approved Location computer hardware, computer facilities and computer communications connections (*e.g.*, DSL, cable or satellite internet access connections and service where available) meeting all minimum performance specifications promulgated and published by Company from time to time in order to install, update and support FOAS.

B. Franchisee shall permit Company or its Affiliate in-person or remote access to its computer equipment and facilities for purposes of installing, updating and supporting FOAS and shall abide by any reasonable instructions, directions or requests of Company in connection with such installation, update and support.

C. Franchisee shall implement and use all functions of FOAS in the operation, administration, management and control of the Franchised Business and shall adopt for use all new programs and modules developed and installed from time to time by Company, including without limitation the Franchise Accounting Systems and Tools program module (including any successor or substitute financial management program or module which may be developed, "FAST"), and, if applicable, pay any fee imposed for the new program or module.

D. Franchisee shall execute a Software License Agreement in a form substantially similar to the form attached hereto as Exhibit II.

5. License of the Customer Data.

A. Company owns and maintains a database of customer information (the "Customer Data"). Company may make available for use by Franchisee on a limited, nonexclusive basis, that part of the Customer Data which is pertinent to the Area of Responsibility, subject to Franchisee's payment of the Customer Data Fee and strict accord and compliance with the terms and conditions of this Agreement, the Policies and Procedures and any specific guidelines Company may impose from time to time concerning collection, maintenance and use of the Customer Data. All rights and licenses granted pursuant to this Section or otherwise in this Agreement concerning the Customer Data shall automatically terminate upon the expiration or termination of this Agreement, and Franchisee shall promptly thereafter return to Company any printed or virtual item or material containing or bearing any of the Customer Data. All rights to and goodwill in the Customer Data are solely and exclusively the property of Company. Nothing in this Agreement gives Franchisee any right in or to any of the Customer Data except as specifically set forth in this Agreement. Franchisee shall not, for itself or together with any other person or entity, challenge Company's right, title or privilege in or to the Customer Data. Franchisee shall do such acts or things, as may, in Company's reasonable opinion, be necessary or advisable to protect and monitor the integrity of the Customer Data.

B. Franchisee acknowledges the value of the Customer Data and agrees that a substantial element of the System and function of the Franchised Business is support, service and development of Company's customer relationships. To that end, during the Term of this Agreement, Franchisee shall actively and diligently maintain, use, update, correct and supplement the Customer Data. Franchisee shall update the Customer Data immediately upon completion of any sale or customer contact, shall regularly review the Customer Data and take such action as may be appropriate based on the Customer Data, and shall otherwise use the Customer Data for marketing, lead generation, sales and recruiting purposes in accordance with the System and Company's procedures concerning such activities. Franchisee shall not use the Customer Data, or permit the Customer Data to be used, for any purpose except the operation of the Franchised Business and all uses and purposes incidental thereto.

C. Franchisee must comply with, and is solely responsible for ensuring that the Franchised Business complies with: (1) all applicable consumer and data privacy laws, including, without limitation, the Fair and Accurate Credit Transactions Act ("FACTA"); (2) the Payment Card Industry Data Security Standards ("PCI DSS"), as they may be revised and modified by the Payment Card Industry Security Standards Council (see www.pcisecuritystandards.org), or such successor or replacement organization as Company may specify; and (3) and such additional

guidelines relating to consumer and data privacy as Company may from time to time prescribe. Franchisee shall also periodically upgrade its computer systems to ensure Franchisee's compliance with all such laws, regulations, and guidelines. Franchisee's failure to comply with this Section 5(C) shall constitute a material default under this Agreement, and grounds for termination.

D. The rights in, and license of, the Customer Data granted hereunder are non-exclusive and, in addition to those rights described elsewhere in this Agreement, Company and Company's Affiliates retain all rights concerning the Customer Data not expressively granted in this Agreement, including, without limitation, the rights to: (1) terminate Franchisee's access to and right to use some or all of the Customer Data; (2) grant other licenses for use of all or any portion of the Customer Data, including any portion relevant to the Area of Responsibility; (3) develop systems and procedures to capture, store, manipulate, organize, sort and report the Customer Data and to require Franchisee to implement and utilize such systems and procedures; and (4) use the Customer Data in order to engage, directly or indirectly, at wholesale, retail or otherwise, in the distribution or sales of products and services, including, the Products.

6. Exclusivity and Non-Competition.

A. During the Term, neither Franchisee, nor its Operating Principal or any other owner, shall (1) promote the sale of, or sell, directly or indirectly, any products or services that are similar in nature to, or that are substitutes for, the Products, (2) undertake or participate in any business or activity now existing or hereafter developed businesses or systems, or (3) use any of the Customer Data for any reason other than operation of the Franchised Business. Further, Approved Locations may be used for the operation and conduct of the Franchised Business only and for no other use. Franchisee may not use the Marks in connection with any business or activities other than the Franchised Business. Company may in the future modify, expand or supplement the System or modify or add to the Products offered hereunder and Company or any of Company's Affiliates may in the future develop or offer new businesses or systems. In either event, if Company determines, in its reasonable discretion that any behavior of Franchisee previously not in violation of this Section later violates this Section, Company may require that Franchisee cease any such behavior upon written notice to Franchisee.

B. For a period of one (1) year after the expiration or termination of this Agreement or the transfer of all of Franchisee's interest in this Agreement, neither Franchisee, nor its Operating Principal, shall, within the Area of Responsibility or within a ten (10)-mile radius of any Aerus Business in existence or under construction as of the expiration or termination of this Agreement or the transfer of all of Franchisee's interest in this Agreement, (1) promote the sale of, or sell, directly or indirectly, any products or services that are similar in nature to, or that are substitutes for, the Products, or (2) undertake or participate in any business or activity that is competitive in nature with the System or any of the Products, or with Company's, or any of Company's Affiliates', now existing or hereafter developed businesses or systems. Franchisee agrees that the length of time in this Section 6(B) will be tolled for any period during which Franchisee is in breach of the covenants set forth in this Section 6(B) or any other period during which Company seeks to enforce this Agreement

C. This Section 6 shall survive the expiration or termination of this Agreement. No claim Franchisee may have against Company, whether or not arising from this Agreement, shall

constitute a defense to the enforcement by Company of the covenants provided for in this Section. Franchisee acknowledges that a violation of the terms of this Section would result in irreparable injury to Company for which no adequate remedy at law may be available, and, notwithstanding any other requirement herein to arbitrate disputes, Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section without the necessity of showing actual or threatened harm, likelihood of success on the merits of the claims and without being required to furnish a bond or other security. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Company in connection with the enforcement of this Section, including payment of all expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Section.

D. For breach of the covenants in this Section 6, which are made in consideration of the specialized training and confidential information conveyed to Franchisee, and due to the difficulty of establishing the precise amount of damages for breach of these covenants, in addition to the other remedies provided for in this Agreement or otherwise available to Company, Franchisee and Franchisee's principals who committed such breach jointly and severally agree to pay Company the amount of One Thousand Five Hundred Dollars ($1,500) per day for each day the breach continues.[3] The parties agree that the foregoing amount is a reasonable estimation of the damages that would be incurred by Company for breach of the covenants provided for in this Section.

7. Fees, Payments and Deposits.

A. Franchisee shall pay to Company all fees, payments and deposits set forth in Schedule 3 attached hereto and required elsewhere in this Agreement (the remittance of each, a "Payment") in the amounts, at the time, and in the manner described in this Agreement or the Policies and Procedures or elsewhere in the Manuals. Each Payment to be made to Company must be made free and clear at the time, and in the manner, specified in this Agreement, without deduction or offset. TIME IS OF THE ESSENCE with respect to all Payments to be made. All unpaid obligations under this Agreement will bear interest from the date due until the date of receipt by Company, at one and one-half percent (1.5%) per month, or the maximum rate allowed by applicable law, whichever is less.

B. At Company's option, Company may withdraw funds from Franchisee's designated bank account by electronic funds transfer or comparable method in the amount of any Payment or any other amounts due hereunder to Company and for all subsequent payments due to Company, as further described in the Manuals or otherwise in writing. Franchisee shall at all times maintain in its designated bank account a minimum balance in the amount specified in the Manuals.

8. Standard of Conduct. Franchisee shall use its best efforts to develop a sales organization to sell and increase sales of, and to legitimately and ethically advertise, market, promote, distribute and sell Products to Approved Customers within the Area of Responsibility by means of in-the-home and in-person demonstrations or otherwise in accordance with the Manuals. Such efforts shall always be conducted pursuant to the terms and conditions of this Agreement, shall comply with the Manuals, including the Policies and Procedures, and shall promote and

[3] This liquidated damages clause does not apply to franchises in the State of Minnesota or the State of North Dakota.

demonstrate Company's standards of high quality and reputation. In connection with the foregoing, Franchisee shall be obligated, at a minimum, to:

A. Maintain an Approved Location in a condition acceptable to, and at standards established by, Company (including opening any Approved Location to the public and engaging Sales Representatives to schedule and perform product demonstrations and sales activities within the Area of Responsibility during the operating hours set forth by Company from time to time in the Manuals), which is adequate for reasonable inventory needs, equipped with communication devices (including personal computers) adequate for operating FOAS and receiving and sending communications from and to Company, is attractive, clean, orderly and sanitary, and has all of its fixtures and furnishings in good order and repair.

B. Purchase or lease, install and maintain at Franchisee's expense, all fixtures, furnishings, equipment (including electronic cash register or computer hardware and Software and Administration Systems and satellite communications systems), decor items, signs, and related items as Company may reasonably require from time to time in the Manuals or otherwise in writing; and shall refrain from installing or permitting to be installed, without Company's prior written consent, any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items not previously authorized by Company.

C. Identify Franchisee by the Approved Name as the owner of the Franchised Business, and as Company's franchisee, in conjunction with any use of the Marks, including without limitation, uses on invoices, order forms, receipts and contracts, and such other uses or circumstances, and in such manner, as Company may require. By way of example (and without limiting the general application of this provision), Franchisee shall identify itself as a "Franchisee" or "Independent Business Owner" and the Franchised Business as an "Independent Franchise" or "Independently Owned Business".

D. Designate and retain individuals to serve as the Operating Principal, General Manager, Sales Manager and Service Manager (which individual or individuals shall, during the entire period he or she serves in such capacity, satisfy all of the qualifications set forth by Company in the Manuals for service in such capacities); provided that, if Franchisee is an individual, Franchisee must perform all obligations of the Operating Principal and the General Manager. Upon approval of the Company, an individual Franchisee or the General Manager he appoints may also serve as the Sales Manager and/or Service Manager.

E. Obtain all Consigned Products and purchase all other Products from Company or Company's Affiliate, except in limited circumstances where Company may otherwise permit in writing.

F. Satisfy and achieve the Minimum Sales Requirements set forth in Schedule 4, attached hereto.

G. Comply with all provisions of the Manuals relating to the purchase and service of all Products, services, parts, supplies, materials, fixtures, furnishings, equipment (including electronic cash register or computer hardware and Software and Administration Systems) and other items used or offered for sale or service at the Franchised Business (including consumer

financing services); provided that, except with respect to the Consigned Products and all spare parts which must be purchased from Company, and as otherwise provided herein, Franchisee must obtain such items from Company or from suppliers who Company has authorized in writing, and who Company has not thereafter rejected, prior to any purchases.

H. Provide prompt and workmanlike care and service, including service under any warranty offered by Company, to all Approved Customers who have purchased Products from Franchisee or through Franchisee's Sales Representatives or Outlet Licensees, to all other owners of Products residing within the Area of Responsibility or who may appear personally (or otherwise contact the Franchised Business) at an Approved Location, and to all owners of products (other than the Products) which may be designated from time to time by Company, whether or not the Products to be serviced were purchased from or through Franchisee, and in order to fully discharge and perform this obligation, Franchisee shall establish and maintain a service and repair center (in accordance with the Manuals) in all Approved Locations (provided that Satellites and Licensed Outlets shall not be required to maintain an on-site service and repair center so long as repair, maintenance and warranty services can be adequately and timely provided from another affiliated Approved Location).

I. Fulfill or cause to be fulfilled any and all promises and commitments made to Approved Customers by Franchisee, and any of its Outlet Licensees, Sales Representatives, employees or agents.

J. Develop in the Area of Responsibility an organization of qualified Outlet Licensees and Sales Representatives operating from or through one or more Approved Locations who will and do follow the Policies and Procedures and guidelines of the Manuals and comply with the terms and conditions of this Agreement.

K. Recruit and train Sales Representatives and Outlet Licensees to properly and effectively demonstrate, use, care for, install and sell the Products and to understand and follow the Policies and Procedures and other guidelines set forth in the Manuals.

L. Actively and diligently use the Customer Data and any information, data or relationship management software provided by Company to service and support existing customers, develop leads to potential customers and potential sales representative recruits and to promptly and accurately record information about all past and future sales, leads and customers in the Customer Data.

M. Fully comply with all of the provisions of the Manuals, including the Policies and Procedures, with all bulletins and other communications issued by Company from time to time and with all applicable federal, state and local laws, ordinances and regulations.

N. Fully cooperate with any announced or unannounced (1) visit to or inspection of the Franchised Business or any Approved Locations, (2) audit of the books, records, information, materials, systems or data concerning the Franchised Business and (3) verification of Franchisee's compliance with the Manuals and System Standards.

O. Promptly investigate all complaints from consumer end-users of the Products sold by or through Franchisee or who appear personally at (or otherwise contact) an Approved Location

for assistance and make good faith efforts to resolve all such complaints in a fair and equitable manner to the consumer end-users' satisfaction.

P. Timely and accurately maintain such books and records as may be required from time to time by Company in accordance with this Agreement and any applicable provisions of the Manuals, complete and transmit such forms and reports in physical or electronic format as may be required of Franchisee by Company from time to time, and record and manage all applicable data on or through FAST.

Q. Promptly complete, collect and remit to Company all warranty registration cards, if applicable, and the information contained thereon or gathered in connection therewith, with respect to sales by or through Franchisee, including sales by Outlet Licensees and Sales Representatives.

R. Avoid selling at any Approved Location or otherwise through the Franchised Business any generic, non-genuine or unapproved substitute for any of the Products and prohibit the same by any Outlet Licensee, Sales Representative, employee or agent of Franchisee or the Franchised Business.

S. Promptly report to Company any attempted improper sales or purchases of the Products, including without limitation sales by Franchisee or any of Franchisee's Sales Representatives or Outlet Licensees to any consumer who is not an Approved Customer or any sales activity outside the Area of Responsibility.

T. Make all commercially reasonable efforts to advertise and promote the Franchised Business in the Area of Responsibility pursuant and subject to the provisions of the Manuals and this Agreement.

U. Cause any vehicle used in connection with the Franchised Business, including vehicles used by Sales Representatives and Outlet Licensees to deliver Products to Approved Customers, to be clean and in good repair, to be properly insured and otherwise comply with the Manuals.

V. Cause, at Franchisee's expense, its Operating Principal, at a minimum, to attend all annual meetings or conventions (currently known as Main Event) and all regional or local meetings held by Company or its designee or representative; provided that, the Operating Principal shall not be required to attend more than two annual meetings or conventions and more than four (4) regional or local meetings in any calendar year.

W. Fully comply with all applicable laws affecting the Franchise Business or any Approved Location.

X. Timely pay all taxes due as a result of any aspect or operation of the Franchise Business or the existence or location of any Approved Location, including without limitation any sales tax owing for the sale of any of the Products and upon request, provide evidence to Company of payment and satisfaction of all such obligations (not less than annually, Franchisee shall also provide Company with a current, valid reseller's certificate or other document to evidence Franchisee's commitment and obligation to pay sales tax.

Y. Participate at Franchisee's expense, together with Franchisee's Operating Principal and General Manager and all of Franchisee's other personnel that operate and manage the Franchised Business, including Sales Managers and Service Managers, in all training and education programs and motivational and incentive meetings offered by Company from time to time, which may be offered in-person, online, or in such other format as the Company may designate, at its option. Up to three (3) individuals who meet Company's standards and specifications may attend Company's in-person initial training program.

Z. Conduct sales and marketing activities within the Area of Responsibility in a manner such that no more than 10% of Franchisee's Gross Sales in any calendar quarter are attributed to sales made to persons or entities who reside or are located outside of the Area of Responsibility

AA. Comply with any other obligations set forth in this Agreement, the Manuals (including the Policies and Procedures) or any other agreement between Franchisee and Company or any of Company's Affiliates.

9. Contests and Company Services. Company may, at its option from time to time, create and administer contests, trips and programs for the benefit of Sales Representatives, provided that Company shall not be obligated to offer or maintain such contests, trips, incentives or programs and shall have sole discretion over the quantity, nature, qualifications and administration of such contests, trips, incentives or programs. As consideration for Company's services, Franchisee shall reimburse Company an amount equal to 50% of Company's actual cost of providing, maintaining and administering such trips, contests, incentives and programs for Sales Representatives affiliated with the Franchised Business (or such other amounts as Company may from time to time assess in connection with creating and administering such trips, contests, incentives, or other promotional programs). Such reimbursements shall be payable upon receipt of an invoice from Company.

10. Consigned Products.

A. With respect to the Consigned Products, this Agreement is intended to be a true consignment and Company or its Affiliate will retain full legal and equitable title to the Consigned Products at all times prior to their sale to end-users; provided that, immediately prior to consummation of a sale to a consumer, there shall occur a sales transaction between Company or its Affiliates and Franchisee. Company's rights in and to the Consigned Products will be first and prior to all of Franchisee's creditors under all circumstances. If the consignment arrangement provided herein does not qualify as a true consignment or is otherwise deemed to be a consignment intended for security, Franchisee hereby grants to Company a continuing security interest in all now owned or hereafter acquired Consigned Products and the proceeds thereof. Franchisee, concurrently with the execution hereof, will execute a consigned products security agreement in a form substantially similar to the form attached hereto as Exhibit III and such other agreements and instruments as may be reasonably requested by Company in order to secure and perfect such continuing security interest. Franchisee will not hold, or at any time seek to hold, any direct or indirect equity interest in the Consigned Products, nor will Franchisee permit any third party to obtain, or grant to any third party, any direct or indirect equity interest, including any pledge, lien, or other encumbrance, in the Consigned Products without Company's prior written approval.

Franchisee will at all times ensure that the Consigned Products are maintained at a secure site on the premises of the Franchised Business which is not accessible to the public, until such time as the Consigned Products are delivered to customers in accordance with the terms of the Manuals; provided, however, that Franchisee may remove from the premises of the Franchised Business such supply of Consigned Products as needed for sales demonstrations, in such quantity and manner as Company will specify in the Manuals or otherwise in writing. Franchisee shall return to Company all Consigned Products immediately upon request.

B. The Consigned Products may be sold only in accordance with, and upon, such sales contracts as Company may designate from time to time in the Manuals or otherwise in writing, and only at such retail prices as Company may from time to time designate in the Manuals or otherwise in writing. Franchisee shall not modify or otherwise alter the terms of such sales contracts without Company's prior written consent, including offering any warranty, rebate or discount other than such as may be permitted or designate by Company in the Manuals or otherwise.

C. Upon completion of a sale of any Product, Franchisee shall immediately remit to Company not less than the Standard Allocation for all Consigned Products sold by or through the Franchised Business during each time period designated by Company in the Manuals or otherwise in writing. If Franchisee returns any Consigned Products to Company in accordance with the Manuals, Franchisee shall remit a Restocking Fee as necessary.

D. Prior to the opening of the Franchised Business, Franchisee shall make an initial order of Consigned Products for an initial inventory and shall post with Company the appropriate Security Deposit. Franchisee may order additional Consigned Products, in its discretion in a manner described in the Manuals; provided that Franchisee may be required to increase the amount of the Security Deposit in accordance with applicable provisions of Schedule 3, attached hereto. Company need not replenish such inventory, or provide any other goods to Franchisee under this Agreement during any time in which Franchisee is delinquent in any payment to Company or any of Company's Affiliates, is in breach of this Agreement or does not have on deposit with Company a sufficient Security Deposit to support the order requested. Franchisee must promptly pay all shipping and handling charges incurred in connection with the above. Franchisee shall at all times maintain such inventory levels as may be designated in the Manuals. Company may offset against the Security Deposit at any time during the Term or following termination or expiration of this Agreement all monies owing from Franchisee to Company or Company's Affiliates and immediately upon Franchisee's receipt of notice of such offset during the Term, Franchisee shall replenish the Security Deposit by an amount equal to such offset. Company need not maintain the Security Deposit in a separate account, and Company may co-mingle the Security Deposit with any of Company's accounts or funds. Franchisee will not be entitled to any interest on the Security Deposit. In addition to the foregoing, Franchisee shall from time to time during the term of this Agreement, at Company's request, pay to Company as an increase to the Security Deposit, an amount equal to the Standard Allocation of all Consigned Products which remain in Franchisee's inventory for ninety (90) days or longer. Company will refund such increases to the Security Deposit within thirty (30) days after Franchisee provides evidence satisfactory to Company confirming the sale of such Consigned Products in accordance with the terms of this Agreement.

E. Franchisee understands and acknowledges that Company provides certain warranties which vary with respect to the Consigned Products and run directly to the benefit of the consumer who purchases a Consigned Product from or through any authorized distribution channel, including sales by or through the Franchised Business pursuant to this Agreement (the "Company Consumer Warranty"). Neither Franchisee, nor any of its Outlet Licensees or Sales Representatives, may represent or suggest that Company has or will provide any warranty, express or implied, other than the warranty actually provided by Company. Franchisee may not extend the Company Consumer Warranty or provide or offer additional warranties above and beyond the Company Consumer Warranty. As part of the service requirement described herein, Franchisee shall honor and provide service in connection with any Company Consumer Warranty.

11. Advertising, Marketing, Promotion; Use of the Internet.

A. All advertising or marketing to be undertaken by Franchisee shall comply with Company's standards, specifications and procedures as specifically described herein and in the Manuals. Franchisee shall submit a sample of each type of advertising material to Company for Company's approval prior to use. Franchisee may not use any advertising material, unless such material has been approved in writing by Company and has not subsequently been disapproved by Company. Franchisee shall immediately discontinue the use of any advertising materials which Company subsequently disapproves. No advertising, marketing or promotions material may be placed outside the Area of Responsibility, and Franchisee shall not place or otherwise conduct any national or international advertising of any kind.

B. Franchisee shall install and, at all times during the term of this Agreement, maintain an outdoor sign in a prominent location in accordance with Company's sign specifications in effect from time to time, or as approved, in writing, by Company, unless prohibited from doing so by applicable laws and regulations.

C. Franchisee shall advertise, at all times, in the manner designated by Company from time to time in the Manuals or otherwise in writing, using formats or templates approved in advance by Company. Company shall have the right to require that all such advertising be placed by Company or a third party designated by Company in accordance with such procedures as Company may designate in the Manuals or otherwise in writing, and at Franchisee's expense. Company shall have the right to designate the size, form and content of such advertising and that Franchisee utilize a listing which identifies other Aerus Businesses in addition to its own.

D. Franchisee shall, in addition to the other requirements of this Section, expend each year the Minimum Local Advertising Expense on local advertising, public relations, and promotion in the Area of Responsibility. At the request of Company, Franchisee shall furnish, to Company, an accurate accounting of Franchisee's expenditure on local advertising, public relations, and promotion, in form and content satisfactory to Company.

E. Company also reserves the right to assess the Franchisee for contributions to the System Media Fund. The System Media Fund shall be designed to facilitate media market spending that benefits the System. The System Media Fund shall be organized for the purposes of, and all contributions thereto and any earnings thereon shall be used exclusively to meet the costs for maintaining, directing, preparing and conducting media campaigns, regional and national

advertising for the benefit of the System. The System Media Fund can be implemented on a national, local or regional basis. Upon establishment of the System Media Fund by Company, Franchisee's obligations shall be as set forth in Addendum B, attached hereto.

F. Company may establish from time to time a company website or websites. Company may, at its sole option, from time to time, without prior notice to Franchisee: (1) change, revise or eliminate the design, content and functionality of such website; (2) make operational changes to such website; (3) change or modify the URL and/or domain name of such website; (4) substitute, modify or rearrange such website. Company may, at its option, use such website to engage in any form of Electronic Commerce.

G. In all events, and without limiting or modifying any other provision of this Agreement, any advertising or marketing undertaken by Franchisee shall properly incorporate the Marks and shall fully comply with any specifications, requirements, or limitations promulgated in this Agreement, the Manuals, or otherwise by Company concerning use of the Marks. Franchisee shall not use, nor authorize any third party to use, the Marks to advertise, promote, offer or sell by, over or through the Internet any goods or services which are the same as or similar to those (i) offered at or from the Franchised Business, (ii) which bear the Marks, or (iii) which are otherwise offered or sold under the Marks. Notwithstanding the foregoing, Company may, from time to time, at its sole option, establish a Franchisee webpage and link such webpage to any Company website. Company may permit Franchisee to customize or post certain information to such Franchisee webpage, subject to Franchisee's compliance with the procedures and policies governing such activity that Company may establish from time to time. Company may require Franchisee to pay a reasonable fee (not to exceed Fifty Dollars ($50.00) each month) for the privilege of having such Franchisee webpage. Under no circumstance shall Franchisee make any public statement (whether verbally or in writing or by use of any electronic medium, including, without limitation, email, Internet post, web log, website or otherwise) which actually or by implication is in any way derogatory, defamatory or otherwise disparaging of the Franchised Business or Aerus Businesses generally or of Company, any of Companies Affiliates or any of their officers, directors, members, shareholders, employees or agents.

H. Company may, at its option, establish and maintain an Intranet through which franchisees of Company may communicate with each other, and through which Company and Franchisee may communicate with each other and through which Company may disseminate the Manuals, updates thereto and other Confidential Information. Company shall have sole discretion and control over all aspects of the Intranet, including the content and functionality thereof. Company will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to Franchisee. If Company establishes an Intranet, Franchisee shall have the privilege to use the Intranet, subject to Franchisee's strict compliance with the Policies and Procedures that Company may establish from time to time. Franchisee acknowledges that, as administrator of the Intranet, Company can technically access and view any communication that is posted on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Company's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

12. Insurance. Franchisee shall, at its expense, procure upon execution of this Agreement, and shall maintain in full force and effect at all times during the Term, an insurance

policy or policies protecting Company and Franchisee and each party's respective permitted successors and assigns, officers, members, directors, shareholders, partners, agents, representatives, independent contractors, employees and lenders against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business. Such policy or policies (1) shall be written by a responsible carrier or carriers reasonably acceptable to Company (*e.g.*, having been assigned an "A" rating or its equivalent by a recognized insurance rating service) who are duly licensed by the appropriate governmental authorities, (2) shall name Company and such of Company's Affiliates as may be required from time to time, as an additional insureds, (3) shall include, at a minimum, such coverages with such limits as shall be set forth from time to time in the Manuals, and (4) shall require or provide for notice of any cancellation or non-renewal to be given to Company at least thirty (30) days in advance of such occurrence. Franchisee shall submit to Company, or its designee, all certificates of insurance (including a copy of the original policy), insurance policy endorsements (including a copy of the original policy), notices of cancellation endorsement, and such other evidence as Company may prescribe to confirm that all required insurance coverage is in effect.

13. Books and Records; Audit Rights.

A. Franchisee shall maintain during the Term, and preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, as Company may from time to time designate in the Manuals or otherwise in writing. Such books and records must be prepared using FAST or any successor program or module or the like upon such fiscal year and fiscal months as Company may from time to time designate in the Manuals or otherwise in writing. In addition to the forgoing, Franchisee shall submit to Company the following reports and records: (1) a monthly profit and loss statement, in the form prescribed by Company (which may be unaudited, but certified by Franchisee as true and correct) for the Franchised Business within fifteen days after the end of each month during the Term; (2) annual financial statements (including, at a minimum, balance sheet and income statement), certified by Franchisee and Franchisee's accountant (if any) as true and correct; and (3) such other forms, reports, records, information and data as Company may reasonably request, in the form and at the times and places Company may reasonably require. To the extent FOAS includes any module for managing the books and records of the Franchised Business or preparing financial statements for the Franchised Business (*e.g.*, FAST), Franchisee shall utilize such module for purposes of complying with this Section. Franchisee shall maintain in its records for at least seven (7) years all original sales and service contracts for all sales made and services rendered at any Approved Location or otherwise by the Franchised Business and submit such contracts to Company upon request or termination of this Agreement. Company reserves the right to require all information concerning the Franchised Business to be kept and maintained on a computer to which Company has full access and further reserves the right to access, review, evaluate and incorporate into Company's own systems all such information.

B. All reports required herein shall be transmitted by such method as Company may reasonably direct. Company or Company's designees shall have the right at all reasonable times to review, audit, examine and copy any or all of Franchisee's books and records. Franchisee shall make such books and records available to Company or its designees immediately upon request. If any required payments are delinquent, or if an inspection should reveal that such payments have

been understated in any report or submission to Company, then Franchisee shall immediately pay to Company the amount overdue or understated upon demand with interest from the due date of such payment or report or submission date of such understatement at a rate of 18% per year or the highest amount allowed under applicable law. If an inspection discloses an understatement in any report or submission of payments of two percent (2%) or more, or Gross Sales of five percent (5%) or more, or if the audit reveals any other breach or violation of this Agreement, Franchisee shall, in addition to any other rights and remedies available to Company, reimburse Company for all expenses connected with the inspection (including, without limitation, travel expenses and Company's accounting and attorneys' fees, if any).

14. Representations and Warranties.

A. Franchisee shall use its best efforts to operate the Franchised Business so as to achieve optimum sales in accordance with this Agreement.

B. If a business entity:

(1) Franchisee is duly organized and validly existing under the law of the jurisdiction of its formation and is duly qualified and authorized to do business in each jurisdiction in which the Franchised Business will operate;

(2) Franchisee's charter documents currently provide and will at all future times provide that Franchisee's activities shall be confined exclusively to the ownership and operation of an Aerus Business, unless Company otherwise consents in writing;

(3) Franchisee has provided to Company for review certified copies of its articles of organization or other charter documents, any amendments thereto, resolutions of its Board of Directors or Board of Managers, or consent of its limited partners, authorizing and consenting to entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of equity of the entity, and any other documents as Company may reasonably require prior to the execution of this Agreement;

(4) The individual executing this Agreement is duly authorized to so execute, has appropriate authority to bind Franchisee as provided hereunder, and is an active, full-time participant in the daily operations of the Franchised Business; and

(5) Franchisee's execution of this Agreement, and entry into the business arrangement contemplated hereby, do not violate any prior existing obligation, any law or any of the contractual or business relationship of Franchisee or any of Franchisee's principals.

15. Termination.[4]

A. This Agreement shall automatically terminate upon the expiration of its Term.

[4] Any claims arising under the Maryland Franchise Rights and Disclosure Law must be brought within three (3) years after the grant of the franchise. With respect to franchises governed by Minnesota law, Company will comply

B. This Agreement may be terminated prior to the natural expiration of the Term upon the occurrence of any of the following events (which are each deemed material breaches or defaults of this Agreement):

(1) By Company immediately upon written notice to Franchisee, if: (a) Franchisee violates the license granted hereunder with respect to the Marks, the Software and Administration Systems, or the Customer Data, fails to satisfy any policy or procedure adopted by Company concerning the Marks, the Software and Administration Systems, or the Customer Data, or otherwise infringes Company's rights in or to the Marks, the Software and Administration Systems, or the Customer Data; (b) without Company's prior written approval, 10% of Franchisee's Gross Sales in any calendar quarter are attributed to sales made to persons or entities who reside or are located outside of the Area of Responsibility; (c) Franchisee sells any Product to any person or entity other than an Approved Customer; (d) Franchisee violates any obligation of confidentiality or non-disclosure provided for hereunder; (e) Franchisee or any principal of Franchisee attempts a Transfer in violation of this Agreement; (f) any heir or personal representative of Franchisee fails to Transfer the Franchised Business in accordance with Addendum C to this Agreement; (g) Franchisee violates any law, regulation, or ordinance, the violation of which affects this Agreement or the purposes hereunder; (h) Franchisee, or any of its principals or guarantors, is convicted of any felony or misdemeanor involving moral turpitude; (i) Franchisee or any of its Outlet Licensees, Sales Representatives, employees, agents or representatives, makes any material misrepresentations or misstatements to, about or concerning Company or the Products; (j) Franchisee or any of its Outlet Licensees, Sales Representatives, employees, agents or representatives, engages in any conduct that reflects materially and unfavorably upon the operation and reputation of Company or the Products; (k) Franchisee shall cease to do business; (l) Franchisee or any guarantor becomes insolvent; (m) any provisions of this Agreement concerning the protection of the Marks is determined in any manner to be null, void or unenforceable; (n) Franchisee fails, refuses or neglects to pay any monies owing to Company or Company's Affiliates when due under this Agreement or any other agreement or to submit to Company the financial or other information required by Company hereunder and does not cure such failure, refusal or neglect within five (5) business days following notice from Company; (o) if Franchisee or any of Franchisee's Sale Representatives or Outlet Licensees violates or breaches any other provision of this Agreement or fails to satisfy any other of its non-monetary obligations hereunder, including but not limited to the Standards of Conduct set forth herein, and does not cure such violation, breach or failure within fifteen (15) days after receiving notification from Company of such violation, breach or failure; (p) Franchisee fails to meet the Minimum Sales Requirements for two (2) consecutive calendar quarters; (q) Franchisee or any of Franchisee's Sales Representatives, Outlet Licensees, employees, agents or representatives is found to have offered, promoted, advertised or sold any Product by, through or on the Internet (except for any Company-created, Company-sponsored or Company-approved webpage); (r) Franchisee violates the advertising or promotion provisions of this Agreement; (s) Franchisee commits three (3) violations or breaches of this Agreement for which a specific cure period is provided in this Section (and for which Franchisee has in fact cured, in each instance, within the applicable cure period) within any twelve (12) month period (no further opportunities to cure shall apply in this case);

---

with Minn. Stat. Section 80C, Subds. 3, 4, and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of this Agreement.

(t) Franchisee is declared to be in default under any material contract, agreement, or instrument to which Franchisee is a party with Company or its affiliates or assigns, and such default shall continue beyond any applicable cure period; or (u) Franchisee or any of your Sales Representatives, Outlet Licensees, employees, agents or representatives sell or attempt to sell or market any Beyond Product.

(2) Automatically, without action by either party, in the event (a) Franchisee is dissolved or terminated, or there occurs any change in the ownership or control of the Franchisee, whether voluntary or by operation of law, except as may be permitted herein or unless Company has otherwise approved such a change in advance in writing, (b) Franchisee or any guarantor commences or is the subject of a petition filed in a court of competent jurisdiction seeking relief with respect to Franchisee under the United States Bankruptcy Code, or any other United States federal or state bankruptcy, receivership or similar law; (c) Franchisee or any guarantor has appointed a receiver, trustee, conservator or a similar official; or (d) Franchisee or any guarantor makes a general assignment for the benefit its creditors.

C. Termination, non-renewal or expiration of this Agreement shall not operate as a cancellation of any indebtedness owing to Company or Company's Affiliates by Franchisee at the time of such termination. Company's failure in any instance to invoke a right to terminate shall not waive or otherwise limit its ability or right to properly terminate this Agreement thereafter. Termination of this Agreement shall automatically terminate any and all licenses and agreements made by Franchisee with Outlet Licensees and Sales Representatives.

D. Without limiting or restricting Company's right to terminate this Agreement at any time as provided herein, Company may implement a system of enforcement of the terms and provisions of this Agreement (including without limitation announced or unannounced compliance audits and "secret shopper" practices), which system may result in deferral of termination under certain circumstances and include any one or more of the following: (1) the imposition of fines or penalties associated with certain violations or breaches; (2) in the case of a royalty, impose a minimum or fixed amount to be paid in place of or in addition to the amount provided in Schedule 3 attached hereto; or (3) in the case of sales of the Products, impose the Minimum Sales Requirement set forth in Schedule 4 attached hereto. The existence, substance and process of any such system would be the sole and exclusive discretion of Company and may be implemented, revoked or modified (upon reasonable notice to Franchisee) at any time and from time to time.

E. Upon expiration or termination of this Agreement, Franchisee and Franchisee's principals shall:

(1) Immediately cease operation of the Franchised Business and any use of the Marks, Software and Administration Systems or the Customer Data for any reason or purpose; promptly remove all signs, markings, or other writings and, immediately discontinue all advertising or publicity, that tend to indicate that Franchisee is a franchisee of Company or seller of Products; and immediately discontinue all advertising or publicity and take all actions necessary to comply with the foregoing, including instructing all publishers of any telephone directory or listing not to renew, repeat or insert any listing or advertisement using the word "Aerus", "Lux" or "Electrolux" or any other term or identifier associating Franchisee with Company.

(2) Send written notice to all Outlet Licensees and Sales Representatives with whom Franchisee has been dealing that any license granted to or agreement made with such is terminated, and that such Outlet Licensees and Sales Representatives must also take all other steps herein required of Franchisee under this Section.

(3) Cooperate with Company in perfecting an assignment of all telephone numbers used at an Approved Location in connection with the sales of Products hereunder or otherwise known or identified as numbers associated with Company, the Products or the Marks to and into the name of Company or its nominee, taking all action necessary to effect the intent of the foregoing.

(4) Immediately cause the cancellation or termination of any assumed name filings for the Approved Name or otherwise including the name "Aerus", "Lux" or "Electrolux" or any of the Marks.

(5) Immediately return to Company and Company's Affiliates all items of personal property that are then owned by Company or Company's Affiliates, including Consigned Products and any equipment and supplies to which Company or Company's Affiliates hold title.

(6) Promptly pay all sums owing to Company, Company's Affiliates, lessors and other trade creditors.

(7) Immediately deliver to Company all information (including Customer Data in physical or electronic formats) and databases described herein, and all other Confidential Information (including the Manuals) and all agreements, invoices, and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession or control (including any such information or materials in the possession of any Sales Representative or Outlet Licensee), and all copies thereof.

(8) Comply with the non-competition covenants and the restrictions on Confidential Information contained herein.

F. Upon expiration or termination of this Agreement, Franchisee shall do any one or more of the following, at Company's option:

(1) If Franchisee operates the Franchised Business premises under a lease with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, assign to Company any interest which Franchisee has in any lease or sublease for an Approved Location or any equipment related to the Franchised Business.

(2) If Franchisee, or any Affiliate of Franchisee, owns an Approved Location, sell or lease at market rents to Company the Franchisee's business premises including any building thereon, if applicable, for the fair market value of the land and building.

(3) Sell and assign to Company any furnishings, equipment, signs, fixtures, vehicles, supplies and inventory in Franchisee's possession at the time of expiration or termination, at Franchisee's cost or fair market value, calculated in accordance with the appraisal process set forth in the Manuals, whichever is less.

(4) Sell to Company all or substantially all of any other tangible assets of the Franchised Business at Franchisee's cost or the fair market value, calculated in accordance with the appraisal process set forth in the Manuals, whichever is less.

(5) Assign and release to Company the telephone numbers used at any Approved Location.

G. Time is of the essence for all purposes of this Section. To that end, in order to preserve customer care and minimize disruption of the Franchised Business, Company shall be permitted, at its option, immediately upon terminating this Agreement, to assume control of any Approved Location and to assume operating control of the Franchised Business. Franchisee shall cooperate fully with this process and shall surrender control of the Approved Locations and Franchised Business to Company pending completion of an audit and settlement of matters between Company and Franchisee in accordance with the terms of this Agreement. In complying with this provision, Franchisee shall not give up any right afforded it hereunder and may have access to, and be present for, any audit to determine inventory levels, asset appraisals, and other compliance issues.

H. Notwithstanding any forms and documents which may have been executed by Company hereunder, Franchisee hereby appoints Company its true and lawful agent and attorney-in-fact with full power and authority for the sole purpose of taking such action as is necessary to assume control and possession of the Approved Locations and the Franchised Business, to complete all necessary assignments and to otherwise act in Franchisee's stead with respect to satisfying its obligations under this Section and must execute an Appointment of Agent and Power of Attorney in the form attached hereto as Attachment C hereof for such purpose. This appointment of agent and power of attorney will survive the expiration or termination of this Agreement. Franchisee will thereafter use different telephone numbers, domain names, advertisements, marketing materials and websites at or in connection with any subsequent business conducted by Franchisee.

I. Not later than 120 days after the termination or expiration of this Agreement, Company shall settle all matters concerning termination of this Agreement and transfer of the Franchised Business (if applicable) and shall return to Franchisee the Security Deposit, less all offsets, if any, that have been applied thereto.

J. Franchisee shall reimburse Company for all costs, attorneys' fees and/or other expenses incurred by Company in connection with the enforcement of the provisions under this Section in connection with a breach or violation of this Agreement by Franchisee; provided, however, that the remedies set forth herein shall be cumulative and in addition to all other remedies available to Company at law or in equity.[5]

K. In the event of a breach of this Agreement by Company that is not cured by Company within 30 days following written notice from Franchisee (or such longer period as may be reasonable if the necessary cure is not capable of being completed within 30 days), Franchisee's sole and exclusive remedy shall be to terminate this Agreement upon written notice to Company.

---

[5] For Franchised Businesses in California, the parties shall appoint the arbitrator.

In no event shall Company be liable or responsible for any exemplary, indirect, consequential or other damages for any reason hereunder, and in no event shall damages payable by Company exceed the aggregate Standard Allocation paid by Franchisee to Company during the six (6) month period preceding the termination of this Agreement.[6]

16. Governing Law and Dispute Resolution.[7] Subject to Company's rights under federal trademark laws, all claims arising out of or relating to this Agreement and/or the parties' relationship will be governed by, and will be interpreted in accordance with, the substantive laws of the State of Texas, excluding choice of law principals and irrespective of any conflict of laws. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation. Except as may be otherwise provided hereunder in the case of actions for injunctive relief by Company or Company's Affiliates, the parties agree that all disputes, controversies or claims that may directly or indirectly arise among them (including their agents and employees), out of or relating to this Agreement and/or the Franchised Business, shall be submitted to, and determined by, binding arbitration. **Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action, and Franchisee waives any and all rights to proceed on a consolidated, common, or class basis.** Such arbitration shall be conducted before a single arbitrator in Dallas, Texas pursuant to the Commercial Arbitration Rules then in effect of the American Arbitration Association. The arbitrator shall be an independent third party arbitrator selected by Company.[8] The fees of the arbitration initially shall be paid one-half by Company and one-half by Franchisee; provided, however, that the prevailing party in any such arbitration shall be entitled to recover its reasonable attorneys' fees, costs and expenses (and any interest) incurred in connection with the arbitration. Company shall not be liable to Franchisee or any of Franchisee's principals for any such dispute, controversy or claim in an aggregate amount greater than the total Standard Allocation collected from the Franchised Business during the six (6) month period immediately preceding the submittal of such dispute, controversy or claim to arbitration. Any award pursuant to such arbitration shall be final and binding upon the parties, with the following exception: if an arbitration award having a monetary value of $100,000 or more is rendered against a party, that party (and not the party in whose favor the award was granted) may vacate such award by submitting a motion to vacate the award in any federal or state court having appropriate jurisdiction. Upon submission, the award shall be vacated, and the matter decided in the court of submission with the standard of review being *de novo*. An award may be enforced by any federal or state court sitting in any court having

---

[6] For Franchised Businesses in North Dakota, any cost and expense incurred by Company in connection with enforcing this Agreement, shall be borne by the prevailing party of such enforcement action.

[7] For Franchised Businesses in North Dakota, the waiver of Franchisee's rights to any exemplary, indirect, consequential or other damages is hereby deleted.

[8] This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable. For Franchised Businesses in the State of North Dakota: (a) arbitration shall be conducted at a place mutually agreeable to both Franchisee and Company; (b) this Agreement will be interpreted, construed and enforced under the laws of North Dakota and (c) the provision in this Section waiving Franchisee's rights to a trial by jury is hereby deleted.

jurisdiction. The obligations set forth in this Section shall survive the termination of this Agreement. **EXCEPT AS OTHERWISE PROVIDED HEREUNDER, COMPANY AND FRANCHISEE EACH KNOWINGLY AND VOLUNTARILY GIVE UP ANY RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE, CLAIM OR CONTROVERSY WHICH MAY ARISE BETWEEN THEM.**[9]

17. Indemnification. Franchisee and each of Franchisee's principals, jointly and severally, indemnify and shall defend with counsel of Company's choosing, and hold harmless Company, Company's past and present Affiliates, each of their successors and assigns, and any of their respective officers, directors, members, managers, partners, shareholders, employees, agents, representatives and independent contractors from and against any and all damages, losses, claims for loss, expense or liability, including reasonable attorneys' fees and costs, arising out of or in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or settlement thereof, which arises out of (A) acts or omissions done or allegedly done by Franchisee or Franchisee's Sales Representatives or Outlet Licensees, or any of their employees, agents or representatives, (B) action or inaction under or related to this Agreement by Franchisee or any Outlet Licensee or Sales Representative of Franchisee or any of their employees, agents or representatives, (C) any violations of the law or any allegedly negligent omissions by Franchisee or any Outlet Licensee or Sales Representative of Franchisee or any of their employees, agents or representatives, or (D) the relationship between Company and Franchisee. The terms of this Section will survive the termination, expiration or transfer of this Agreement or any interest herein.

18. Confidentiality.

A. In connection with this Agreement, Company has and may hereafter furnish to Franchisee certain Confidential Information. Furthermore, Franchisee, in connection herewith, may develop certain information that constitutes Confidential Information. Franchisee shall keep secret and retain in strictest confidence, and shall not use except in connection with the operation of the Franchised Business in accordance with this Agreement, all Confidential Information. Franchisee shall not disclose either during or after the Term of this Agreement, except as may be required by law, any Confidential Information to anyone other than those employees, agents and representatives of Franchisee or any Outlet Licensee (each of whom shall be bound as well by the provisions of this Section and for whom Franchisee shall be liable for any violations) which require such information in order to fulfill the requirements of their employment, agency or representation. Upon expiration or termination of this Agreement, all Confidential Information shall be promptly transmitted by Franchisee to Company or disposed of as instructed by Company in writing.

B. If Franchisee develops any new concept, product, process or improvement in the operation or promotion of the Franchised Business (including, without limitation, computer

[9] For all franchises in the State of Illinois, the forum for all court litigation shall be Cook County, Illinois and Illinois law shall govern the interpretation, construction, and enforcement of this Agreement (regardless of any choice of law rules). Notwithstanding the foregoing, the forum for all arbitration proceedings shall be in Dallas, Texas. For all franchises in the State of Minnesota, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit Company from requiring litigation to be conducted outside Minnesota. In addition, nothing contained in this Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

software enhancements; sales, lead generation, recruiting or training techniques; or advertising and marketing materials), Franchisee is required to promptly notify Company and provide Company with all necessary related information, without compensation. Franchisee acknowledges that any such concept, process or improvement will become the property of Company and constitute Confidential Information, and Company may use or disclose such information in its discretion, including to other franchisees or developers.

C. This Section 19 shall survive the expiration or termination of this Agreement. No claim Franchisee may have against Company, whether or not arising from this Agreement, shall constitute a defense to the enforcement by Company of the covenants provided for in this Section. Franchisee acknowledges that a violation of the terms of this Section would result in irreparable injury to Company for which no adequate remedy at law may be available, and, notwithstanding any general requirement to arbitrate disputes, Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section without the necessity of showing actual or threatened harm, likelihood of success on the merits of the claims and without being required to furnish a bond or other security. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Company in connection with the enforcement of this Section 19, including payment of all expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Section.

D. For breach of the covenants in this Section 19, which are made in consideration of the specialized training and Confidential Information described above, and due to the difficulty of establishing the precise amount of damages for breach of these covenants, in addition to the other remedies provided for in this Agreement or otherwise available to Company, Franchisee and Franchisee's principals who committed such breach jointly and severally agree to pay Company the amount of Five Thousand Dollars ($5,000) per occurrence.[10] The parties agree that the foregoing amount is a reasonable estimation of the damages that would be incurred by Company for breach of the covenants provided for in this Section.

19. Assignment. Franchisee shall not directly or indirectly Transfer or assign, nor attempt to Transfer or assign, this Agreement, or any right or obligation hereunder, without the prior written consent of Company; provided, that a principal or equity holder in Franchisee may be permitted to transfer an interest in Franchisee pursuant to the provisions set forth in Addendum C attached hereto. Company shall be permitted to assign this Agreement at any time and from time to time; provided, however, no such assignment will be made by Company except to an assignee who, in Company's good faith judgment, is willing and able to assume Company's obligations under this Agreement.

20. Notice. All notices required hereunder shall be in writing and shall be deemed sufficiently given for all purposes hereunder if (A) delivered personally or by United States certified mail, return receipt requested, (B) sent by documented, overnight delivery service, or, (C) to the extent receipt is confirmed, telecopy, facsimile or other electronic transmission service to the appropriate address or facsimile number set forth below:

[10] This liquidated damages clause does not apply to franchises in the State of Minnesota or the State of North Dakota.

Notices to Franchisee shall be addressed to the Franchisee at the address set forth in Schedule 1, attached hereto.

Notices to Company shall be addressed to:

Aerus Franchising, LLC
14841 Dallas Parkway, Suite 500
Dallas, Texas 75254
Attention: President

Facsimile No.: 214-378-4075 11

With copy by the same means to:

Aerus LLC
14841 Dallas Parkway, Suite 500
Dallas, Texas 75254
Attention: Legal Department

Facsimile No.: 214-378-4076

Or at such other address and to the attention of such other person as either party may designated by written notice to the other in accordance with this Section. Notice shall be deemed given upon receipt in the case of personal delivery and facsimile or electronic transmission, one day after deposit with an overnight courier and four (4) days after deposited in the United States mail system.

21. Miscellaneous.

A. This Agreement, together with the Manuals (as modified, altered, amended and supplemented from time to time) constitutes the entire Agreement and understanding of the parties and supersedes any and all previous discussions, negotiations, representations, understandings, undertakings and agreements (including previous Franchise Agreements or licenses) between Company and Franchisee, all of which are hereby deemed integrated herein, none of which may be used to vary, interpret or construe this Agreement, which constitutes the sole and entire contract between Franchisee and Company. No change, amendment or modification of this Agreement, or waiver of any of its provisions, shall be effective unless made in writing and signed by both parties. For purposes of the foregoing, only Company's Chairman, President, Chief Executive Officer and Chief Operating Officer shall have the authority to act for Company. Nothing in this Agreement is intended to disclaim the express representations made by the Company in the Franchise Disclosure Document.

B. The failure of either party at any time to require performance by the other of any provision of this Agreement shall in no way affect the full right to require such performance at any time thereafter, nor shall the waiver by either party of a breach of any provision of this Agreement constitute a waiver of any succeeding breach of the same or any other such provision nor constitute a waiver of the provision itself.

C. The section headings of this Agreement are for purposes of reference only and shall not be referred to in interpreting its provisions. Except as expressly provided to the contrary herein, each portion of this Agreement will be considered severable; and if, for any reason, any portion is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this will not affect the other portions of this Agreement that may remain otherwise intelligible. Any reference herein to a "person" hereunder shall mean a "person" or "entity" as the context requires. Any pronoun used herein is for reference only and may refer to the male, female or neutral as the context requires.

D. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person other than Franchisee, Company, Company's Affiliates and officers, directors and personnel of Company and Company's Affiliates and all successors and assigns thereof, any rights or remedies under or as a result of this Agreement.

E. Without limiting the obligations individually undertaken by Franchisee's principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee in this Agreement will be deemed, jointly and severally, undertaken by all of Franchisee's principals.

F. Neither party shall be liable to the other party or any other person for any failure or delay in the performance of any obligations under this Agreement due to events beyond its reasonable control, including, but not limited to, fire, storm, flood, earthquake, explosion, accident, acts of the public enemy, sabotage, strikes, lockouts, labor disputes, work stoppages, transportation embargoes or delays, failure or shortage of materials, supplies or machinery, acts of God, epidemics, pandemics, public health emergencies, acts or regulations or priorities of the federal, state or local government or/and agencies thereof. If any such event occurs, the time for performance hereunder shall be appropriately extended.

G. This Agreement does not create a fiduciary relationship between the parties. Franchisee is, and will at all times be, an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, Affiliate, joint venturer, partner, employee, joint employer or servant of the other for any purpose. Company is not, and nothing in this Agreement or the Manuals is intended to make, Company the employer or joint- employer of Franchisee's employees. Except as expressly contained herein, nothing in this Agreement authorizes Franchisee, or any of Franchisee's principals to make any contract, agreement, warranty or representation on behalf of Company, or to incur any debt or other obligation in Company's name.

H. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and together shall constitute one and the same instrument.

I. The following schedules, attachments and exhibits have been appended to this Agreement and are hereby incorporated by this reference for all purposes:

Addendum A – Defined Terms and Phrases

Addendum B – System Media Fund Details

Addendum C – Transfer of Interest

Schedule 1 – Specifications of the Franchised Business

Schedule 2 – Ownership Interests in Franchisee

Schedule 3 – Fees and Deposits

Schedule 4 – Minimum Sales Requirement Attachment A – Principal Guaranty

Attachment B – Electronic Funds Transfer Authorization

Attachment C – Appointment of Agent and Power of Attorney

Exhibit I – Lease Rider

Exhibit II – Software License Agreement

Exhibit III – Consigned Products Security Agreement

22. Release. Franchisee hereby forever releases, dismisses and discharges Company and any of Company's past and present officers, members, directors, managers, employees, agents, predecessors, successors, assigns, affiliates and transferees from any and all, now or hereafter existing actions, causes of action, suits, damages, debts, claims, counterclaims, obligations and liabilities of whatever nature, known or unknown, resulting or arising out of, directly or indirectly, any prior existing employment or contractual relationship (including, without limitation, any previous franchise, asset purchase or financing agreements) between Franchisee and Company or between Franchisee and any of Company's current and former Affiliates.

23. Immunity for Certain Limited Disclosures. Notwithstanding anything in this Agreement to the contrary, Franchisee and Franchisee's principals, may, in accordance with any applicable law including the federal Defend Trade Secrets Act, disclose Confidential Information, including Company's trade secrets, (a) in confidence, to federal, state, or local government officials, or to an attorney of Franchisee, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

24. Business Judgment. Whenever Company reserves or is deemed to have reserved rights in a particular area, or where Company agrees or is deemed to be required to exercise its rights reasonably or in good faith, Company will satisfy its obligations whenever it exercises reasonable business judgment in making a decision or exercising a right. A decision or action by Company will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Company's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of Company. Neither Franchisee nor

any third party (including, without limitation, a trier of fact) may substitute its judgment for Company's reasonable business judgment.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates set forth with their signatures below to be effective as of the _____ day of _____, 20___.

COMPANY:

AERUS FRANCHISING, LLC,
a Delaware limited liability company

By:
Kevin Hickey, President

Date of Execution:_____

FRANCHISEE:

_____,
a _____

By:_____
Name:_____

Date of Execution:_____

ACKNOWLEDGEMENT OF PRINCIPALS

(does not apply if Franchisee is an individual)

Each of the undersigned acknowledges and agrees that the execution of the attached Guaranty is in partial consideration for, and a condition to, the granting of the rights under the Franchise Agreement, and that Company would not have granted such rights without the execution of the Guaranty by each of the undersigned.

FRANCHISEE'S PRINCIPALS:

_____	_____
Name	Name
_____	_____
Name	Name

[NOTE: ALL OF THE FRANCHISEE'S PRINCIPALS ARE TO EXECUTE THE GUARANTY AT ATTACHMENT A.]

ADDENDUM A

DEFINED TERMS AND PHRASES

A. "Administration and Technical Support Fee" means the fee paid by Franchisee to Company, in an amount specified in Schedule 3 attached hereto, for administration and technical support services Company shall provide to Franchisee hereunder.

B. "Aerus Business" means a business which possesses each of the following four (4) characteristics: (i) it is identified by the Proprietary Marks, (ii) it is exclusively engaged in the offer and sale of Proprietary Products to Approved Customers, (iii) it operates from one or more Approved Locations that serves as a retail location, service center and sales force instruction and training center, and (iv) it operates in accordance with the Proprietary System.

C. "Affiliate" means any entity or person that is, directly or indirectly, controlled by, controlling or under common control with a referenced person or entity.

D. "Agreement" has the meaning assigned in the Preamble.

E. "Application Fee" means the fee, in an amount specified in Schedule 3 attached hereto, paid to Company by any person or entity applying to become an Aerus franchisee.

F. "Approved Customer" means either (a) a non-commercial, residential buyer of Products, or (b) a commercial buyer of Product who is not designated as a "national account" in the Manuals and who is not engaged, and not anticipated to be engaged, in the sale of any cleaning, purification, health improvement or other consumer products or services, who, in either case, is purchasing the Products for such customer's use or consumption and not for re-sale.

G. "Approved Name" has the meaning assigned in Section 1.B.

H. "Area of Responsibility" has the meaning assigned in Section 1.A.

I. "Approved Location" means the approved location or locations of the Franchised Business identified on Schedule 1, attached hereto, or such other location as Company may, at its option, subsequently approve and permit in writing.

J. "Beyond Products" has the meaning assigned in Recital C.

K. "Company" has the meaning assigned in the Preamble.

L. "Company Consumer Warranty" has the meaning assigned in Section 10.E.

M. "Confidential Information" means any and all information, knowledge, know-how, methods, trade secrets, techniques and materials used in or related to an Aerus Business, including the Franchised Business, or the System, which Company may provide to Franchisee in connection with this Agreement, including without limitation the Manuals and all of their content, the Customer Data, the Software and Administration Systems, all plans and specifications, all marketing information and strategies, all site evaluation and selection information, all selling and

operating techniques and all other unique or proprietary information communicated in writing and through other means, including electronic media, as well as all databases and customer lists and information generated by or through the Franchised Business.

N. "Consigned Product" means any of the Products consigned by Company or any of its Affiliates for sale by or through the Franchised Business; except that "Consigned Products" does not include spare parts and supplies, which shall not be consigned to Franchisee.

O. "Core Unit" are such Products as designated from time to time by the Company in the Manuals.

P. "Customer Data" has the meaning assigned in Section 5.A.

Q. "Customer Data Fee" means the fee due by Franchisee for access to Customer Data in an amount specified in Schedule 3, attached hereto.

R. "Effective Date" has the meaning assigned in the Preamble.

S. "FAST" has the meaning assigned in Section 4.C.

T. "FOAS" has the meaning assigned in Section 4.

U. "Franchisee" has the meaning assigned in the Preamble.

V. "Franchised Business" has the meaning assigned in Recital E..

W. "General Manager" means an individual designated and retained by Franchisee for the operation and management of the Franchised Business.

X. "Gross Sales" The total selling price of all services and products and all income of every other kind and nature related to the Franchised Business (including, without limitation, the total selling price of the Consigned Products and income related to repair services, accessories and spare parts), whether for cash or credit and regardless of collection in the case of credit. Under no circumstances shall Franchisee's expenses, including third party delivery expenses, be deducted from Gross Sales. If a cash shortage occurs, the amount of Gross Sales shall be determined based on the records of the electronic cash register system or point-of-sale system and any cash shortage shall not be considered in the determination of Gross Sales. Gross Sales shall, however, expressly exclude the following:

(1) Sums representing sales taxes collected directly from customers by Franchisee in the operation of the Franchised Business, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against Franchisee by any Federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Franchised Business, provided that such taxes are actually transmitted to the appropriate taxing authority;

(2) The exchange of merchandise among Approved Locations, if more than one Approved Location is operated by Franchisee, where such exchanges are made solely for the convenient operation of the Franchised Business;

(3) Company-approved discounts and trade-ins for the purchase of Consigned Products only;

(4) Returns to shippers or manufacturers of any products returned to Franchisee by a retail customer, where the sale of such product by Franchisee was previously included in Gross Sales; and

(5) Proceeds from isolated sales of trade fixtures not constituting any part of the Products nor having any material effect upon the ongoing operation of the Franchised Business required under this Agreement.

Company may, from time to time, authorize certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by Company at its option.

Y. "Initial Franchise Fee" means the fee payable by Franchisee to Company upon execution of this Agreement in an amount specified in Schedule 3, attached hereto.

Z. "Initial Term" has the meaning assigned in Section 2.

AA. "Licensed Outlet" has the meaning assigned in Section 1.C.

BB. "Location Closure Fee" means a fee due by Franchisee with any closing of an Aerus Business whether directly or indirectly made, attempted or completed in an amount specified in Schedule 3, attached hereto.

CC. "Manuals" mean the confidential operations manuals, including the Policies and Procedures, and such other manuals and written materials (including electronically stored or communicated materials) that Company may develop or have developed for use in the operation of Aerus Businesses, including the Franchised Business (as the same may be revised by Company from time to time). The Manuals may contain mandatory and suggested specifications, standards and operating procedures that Company develops for the System and information relating to other obligations of Franchisee. Any required specifications, standards, and/or operating procedures exist to protect Company's interests in the System and the Marks and to create a uniform customer experience. They are not for the purpose of establishing any control or duty to take control over the day-to-day operational matters reserved to Franchisee.

DD. "Marks" has the meaning assigned in Recitals A and C.

EE. "Minimum Local Advertising Expense" means the amount expended each year by Franchisee on local advertising, public relations, and promotion in the Area of Responsibility and specified in Schedule 3, attached hereto.

FF. "Minimum Sales Requirements" mean the requirements and minimum sales quantities more specifically described on Schedule 4, attached hereto.

GG. "New Location Fee" means a fee due by Franchisee with any opening or acquisition of an Aerus Business whether directly or indirectly made, attempted or completed in an amount specified in Schedule 3, attached hereto.

HH. "Opening Date" shall be the date on or prior to which Franchisee shall open the Franchised Business to the public, which date shall be the date specified in Schedule 1, attached hereto.

II. "Operating Principal" means the individual having an ownership interest in Franchisee of at least ten percent (10%), designated by Franchisee to act as Franchisee's representative to Company and who shall have the authority to act on behalf of Franchisee.

JJ. "Outlet Licensee" means any individual or entity engaged by Franchisee to establish, on a non-exclusive basis in accordance with the Policies and Procedures, Licensed Outlets within the Area of Responsibility, relying only upon Franchisee for all purposes but having responsibility to both Franchisee and Company, and which shall constitute a part of the Franchised Business.

KK. "Payment" has the meaning assigned in Section 7.A.

LL. "Policies and Procedures" mean policies, procedures, practices, rules and regulations adopted from time to time by Company in connection with the System and the ordinary operation and conduct of the Franchised Business (including any updates, bulletins, notices, schedules and the like that may be posted or distributed from time to time) which policies, procedures, practices, rules and regulations may be supplemented, modified or amended at any time and from time to time at Company's sole option; provided that Company shall notify Franchisee upon the occurrence of any supplementation, modification or amendment and will make such supplement, modification or amendment readily available to Franchisee in either physical or electronic format.

MM. "Products" has the meaning assigned in Recitals A and C.

NN. "Protected Area" has the meaning assigned in Section 1.F.

OO. "Relocation Fee" means a fee due by Franchisee with any move or relocation of an Approved Location whether directly or indirectly made, attempted or completed in an amount specified in Schedule 3, attached hereto.

PP. "Renewal Fee" means the fee payable by Franchisee to Company upon Franchisee's notice to Company of its intention to renew the term of this Agreement in an amount specified in Schedule 3, attached hereto.

QQ. "Renewal Term" has the meaning assigned in Section 2.

RR. "Restocking Fee" means the fee payable by Franchisee to Company or Company's Affiliate for administrative costs associated with restocking by Company or Company's Affiliate any of Franchisee's inventory of Consigned Products, in an amount specified in Schedule 3, attached hereto.

SS. "Royalty" means the fee payable by Franchisee to Company, being payable as and when provided, by Company from time to time in the Manuals, in an amount determined by Company as provided in Schedule 3 attached hereto.

TT. "Sales Manager" means the individual designated and retained by Franchisee for the management of recruiting, training and sales activities of the Franchised Business.

UU. "Sales Representative" means any individual engaged in conducting in-home and in-person sales demonstrations of Products and performing such other activities as may be agreed upon.

VV. "Satellite" has the meaning assigned in Section 1.D.

WW. "Service Manager" means the individual designated and retained by Franchisee for the management of service and related activities of the Franchised Business.

XX. "Security Deposit" means a deposit made by Franchisee and held by Company or Company's Affiliate to secure both the value of the Consigned Products in Franchisee's possession and the performance of Franchisee's obligations hereunder, where the amount of such deposit shall be determined as provided for in Schedule 3, attached hereto.

YY. "Software and Administration Systems" has the meaning assigned in Section 4.

ZZ. "Standard Allocation" means the amount established from time to time by Company or Company's Affiliate, at its sole option, in the Manuals or otherwise in writing as Company's or Company's Affiliate remuneration for each Consigned Product sold by or through the Franchised Business.

AAA. "System" has the meaning assigned in Recitals B and C.

BBB. "System Media Fund" means a fund controlled by Company, designed to facilitate media market spending that benefits the System (as defined in Recital B, without regard to Recital C).

CCC. "System Media Fund Fee" means a fee due from Franchisee as required by Company upon implementation of the System Media Fund, in an amount specified in Schedule 3 attached hereto.

DDD. "Term" has the meaning assigned in Section 2.

EEE. "Transfer" means any sale, assignment, grant, conveyance, pledge, hypothecation or encumbrance, whether directly or indirectly made, attempted or completed.

FFF. "Transfer Fee" means the fee payable by Franchisee or any of Franchisee's principals who desires to transfer, by assignment or otherwise, all or substantially all of the assets of Franchisee, or any of their interest in Franchisee, this Agreement or the franchise or license granted hereunder, in an amount specified in Schedule 3, attached hereto.

ADDENDUM B
SYSTEM MEDIA FUND DETAILS

(1) Each month, Franchisee shall pay to Company the System Media Fund Fee.

(2) Franchisee agrees that the System Media Fund shall be maintained and administered by Company or its designee, as follows:

(a) Company shall oversee all advertising and promotional programs with sole discretion to approve or disapprove the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisee agrees and acknowledges that the System Media Fund is intended to maximize general public recognition and acceptance of the System and the Marks.

(b) The System Media Fund, all contributions thereto, and any earnings thereon may be used by Company to purchase, among other things, Internet, electronic, event, radio, television, print or other media on a local, regional or national basis.

(c) All sums paid by Franchisee to the System Media Fund shall be maintained in an account separate from the other monies of Company. The funds shall be used to defray any of Company's reasonable administrative costs and overhead as Company may incur in activities reasonably related to the administration or direction of the System Media Fund and advertising programs for franchisees and the System. Furthermore, Company shall be permitted a management fee not to exceed 5% of the aggregate amount of the System Media Fund Fees collected during a calendar year.

(d) It is anticipated that all contributions to and earnings of the System Media Fund shall be expended for advertising and/or promotional purposes as described herein during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the System Media Fund at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

(e) The System Media Fund is operated solely as a conduit for the collection and expenditure of advertising contributions for the purposes stated herein. Company shall not have a fiduciary obligation in connection with its maintenance or administration of the System Media Fund.

(f) Although the System Media Fund is intended to be of perpetual duration, Company maintains the right to terminate the System Media Fund. The System Media Fund shall not be terminated, however, until all monies in the System Media Fund have been expended for advertising and/or promotional purposes.

(g) The System Media Fund may be established for all franchise programs or separately for one or more of the franchise programs.

ADDENDUM C
TRANSFER OF INTEREST

Transfer of Interest by Company

Equity interests in Company may be freely Transferred, without Franchisee's consent, to any person or entity. Company may Transfer or assign this Agreement and all or any part of Company's rights or obligations herein to any person or entity, including without limitation, in connection with a sale of Company's assets, the Marks or the System to a third party, or to any lender for purposes of collateral.

Transfer of Interest in Franchisee

A. The rights and duties set forth in this Agreement are personal to Franchisee, and Company has granted rights under this Agreement in reliance on Franchisee and Franchisee's principals' business skill, financial capacity and personal character. Accordingly, neither Franchisee nor any principal of Franchisee, nor any successor or assign of Franchisee or any principal of Franchisee may cause or effectuate a Transfer of any direct or indirect interest in this Agreement, in the assets of the Franchised Business or in Franchisee without Company's prior written consent.

B. If Franchisee or any principal of Franchisee wishes to cause or effectuate a Transfer, the transferor and the proposed transferee must apply to Company for Company's consent not later than sixty (60) days prior to the anticipated closing date of the Transfer. Franchisee will pay, at the time of the request for Transfer, a Transfer Fee as described in Schedule 3 to reimburse Company for Company's reasonable expenses associated with reviewing the application to Transfer. The transferee will (as Company directs): (i) execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form franchise agreement then being offered to new system franchisees and other ancillary agreements as Company may require for the Franchised Business, which agreements will supersede this Agreement and Attachments in all respects and the terms of which agreements may differ from the terms of this Agreement, provided, however, that the transferee will not be required to pay any Initial Franchise Fee; or (ii) enter into a written agreement, in a form satisfactory to Company, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the Transfer, all obligations, covenants and agreements contained in this Agreement and Attachments; and, if transferee is a business entity, transferee's shareholders, partners, members or other investors, as applicable, will execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements; and transferee will provide to Company any other evidence deemed necessary by Company to determine that the terms of the agreements described above have been or will be satisfied and are true and correct on the date of Transfer; the transferor will remain liable for all of the obligations to Company in connection with the Franchised Business incurred prior to the effective date of the Transfer and will execute any and all instruments Company reasonably requests to evidence such liability;

C. Upon Franchisee (if a natural person) or any Franchisee's principal's death, the executor, administrator or other personal representative of the deceased individual must Transfer

such interest to a third party consented to by Company within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the deceased individual, then the distributee of such interest must be consented to by Company. If the distributee is not consented to by Company, then the distributee must Transfer such interest to a third party consented to by Company within twelve (12) months after the death of the deceased individual.

D. Upon the permanent disability of Franchisee (if a natural person) or any principal of Franchisee, Company may, at Company's sole option, require the interest of such individual to be transferred to a third party in accordance with the conditions described in this Addendum within six (6) months after notice to Franchisee. Permanent disability will be determined by a licensed practicing physician Company selects, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically will be deemed permanently disabled as of the date of such refusal for the purpose of this Addendum.

E. Upon the death or claim of permanent disability of Franchisee or any principal of Franchisee, Franchisee or a representative of Franchisee must promptly notify Company of such death or claim of Permanent disability within fifteen (15) days of its occurrence. Any Transfer upon death or permanent disability will be subject to the same terms and conditions as described in this Addendum for any other Transfer.

F. Company's consent to a Transfer of any interest described herein will not constitute a waiver of any of Company's rights under this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

SCHEDULE 1

SPECIFICATIONS OF THE FRANCHISED BUSINESS

1. APPROVED LOCATION:

Franchise No. _____

Address

Phone Number

Franchise No. _____

Address

Phone Number

Franchise No.

2.	PROTECTED AREA:	One mile radius from doorstep of an Approved Location.
3.	AREA OF RESPONSIBILITY:	See attached Schedule 1.3
4.	OPENING DATE:	On or before _____, 20___.
5.	NOTICE ADDRESS:	Notices to Franchisee and Franchisee's principals shall be delivered to the following:

Address
Phone Number
Attention:_____

Telephone:_____

Facsimile:_____

6.	INITIAL TERM:	One (1) year
7.	RENEWAL TERM:	One (1) option to renew for one (1) year
8.	OPERATING PRINCIPAL:	Name: _____

_____ Initials

SCHEDULE 2

OWNERSHIP INTERESTS IN FRANCHISEE

A. The following is a list of stockholders, partners or other investors and equity holders in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name	Percentage of Ownership/Nature of Interest
	_____%
	_____%

B. The following is a list of all of Franchisee's principals:

_____

_____

_____

_____

_____ Initials

SCHEDULE 3
FEES AND DEPOSITS

1. Initial Franchise Fee – One Thousand Dollars ($1,000), due and payable upon execution of this Agreement.

2. Renewal Fee – One Hundred Dollars ($100) payable upon notice of Franchisee's intention to renew this Agreement, but not later than sixty (60) days prior to the expiration of the then current term.

3. Administration and Technical Support Fee – Five Hundred Dollars ($500) per month per Approved Location (provided that such fee shall be reduced to one hundred dollars ($100) for any Approved Location designated as a Satellite or Licensed Outlet, payable monthly pursuant to Company's published schedule for collecting such payment. The aggregate total of this fee shall not exceed $1,500 for the Franchised Business. Company reserves the right to increase this fee and the aggregate maximum amount each calendar year, upon notice to Franchisee.

4. Restocking Fee – Fifteen percent (15%) of the Standard Allocation for any returned Consigned Products, payable upon return of such products to Company or Company's Affiliate or as otherwise required in the Manuals.

5. Transfer Fee – One Hundred Dollars ($100), payable upon notification by Franchisee's or any of Franchisee's principals of their intent to make a transfer of part or all of their interest in Franchisee. This fee applies to both a transfer of an ownership interest in the Franchised Business, as well as a transfer of ownership of an Approved Location.

6. Security Deposit – Eighty-Eight percent (88%) of the Standard Allocation of the inventory of Consigned Products, payable upon execution of this Agreement and immediately from time to time thereafter for additional Consigned Products.

7. New Location Fee – One Hundred Dollars ($100), payable with Franchisee's request to open or acquire an additional Approved Location (including a Licensed Outlet or Satellite).

8. Relocation Fee – One Hundred Dollars ($100), payable with Franchisee's request to relocate an Approved Location.

9. Location Closure Fee – One Hundred Dollars ($100), payable with Franchisee's request to close an Approved Location.

10. Royalty – Eight percent (8%) of the Gross Sales derived from the sale of (i) all services performed, (ii) certain service, labor and/or aftermarket parts, accessories, supplies or other non-consigned products (all as set forth in the Manuals), and (iii) the service component of all package sales involving both Consigned Product and services (as set forth in the Manuals). Upon not less than ninety (90) days' notice, Company reserves the right to increase the Royalty amount each year upon notice to Franchisee, but in no event shall Company increase the Royalty amount to an excess of twelve percent (12%) of the Gross Sales derived from the above.

11. Minimum Local Advertising Expense – an amount equal to at least two percent (2%) of Gross Sales.

12. System Media Fund Fee – if implemented, an amount not to exceed three percent (3%) of Gross Sales, payable as provided by Company

13. Customer Data Fee - $_____, due and payable upon execution of this Agreement.

SCHEDULE 4
MINIMUM SALES REQUIREMENT

The Minimum Sales Requirement, as described in this Agreement will be:

Core Unit Sales: Ninety Percent (90%) of the Baseline for the Franchised Business, where the Baseline for the Franchised Business is the greater of (i) a number of units equal to forty-five (45) Core Units per quarter per Approved Location (excluding Licensed Outlets and Satellites) or (ii) the average quarterly unit sales volume for the Franchised Business since the Approved Location first became part of a franchised business provided, however, that this standard in subparagraph (ii) shall not apply unless and until Company shall give ninety (90) days written notice of its intention to implement this standard.

Aftermarket, labor and parts: Eighty percent (80%) of the average Gross Sales per Approved Location of aftermarket, labor and parts for all Standard Program approved locations in the System for each quarter; provided, however, that Satellites and Licensed Outlets shall be excluded from any such determination and any such Gross Sales recorded for a Satellite or Licensed Outlet shall be included with such Gross Sales of the Approved Location with which the Satellite or Licensed Outlet is affiliated.

Franchisee agrees and acknowledges that the Minimum Sales Requirements are reasonable, and that with reasonable diligence Franchisee is capable of attaining the Minimum Sales Requirements.

FRANCHISEE:

_____,
a _____

By:_____
Name:_____

Date of Execution:_____

ATTACHMENT A
PRINCIPAL GUARANTY

As an inducement to Company to execute the Franchisee Agreement to which this Principal Guaranty (this "Guaranty") is attached, the undersigned jointly and severally agree to be bound by all the terms and conditions of the above Franchisee Agreement, including any amendments or modifications thereto whenever made (the "Agreement") and unconditionally and irrevocably guarantee to Company and its successors and assigns that all of the obligations of Franchisee under the Agreement will be punctually paid and performed.

Upon default by Franchisee or notice from Company, the undersigned will immediately make each payment and perform each obligation required of Franchisee under the Agreement. Without affecting the obligations of the undersigned under this Guaranty, Company may, without notice to the undersigned, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee.

The undersigned hereby waives all demands and notices of every kind with respect to this Guaranty and the Agreement, including, without limitation, notice of the amendment or modification of this Guaranty or the Agreement, the demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for the Agreement or the obligations of Franchisee.

Company may pursue its rights against the undersigned without first exhausting its remedies against Franchisee or any guarantor and without joining any other guarantor hereto and no delay on the part of Company in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Company of any right or remedy shall preclude the further exercise of such right or remedy.

Upon receipt by Company of notice of the death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors hereunder will continue in full force and effect.

THIS GUARANTY SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF TEXAS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF. ANY DISPUTE ARISING OUT OF OR UNDER THIS GUARANTY NOT SETTLED BY AGREEMENT SHALL BE SETTLED IN ACCORDANCE WITH THE SECTION OF THE AGREEMENT HEADED "GOVERNING LAW AND DISPUTE RESOLUTION."

The undersigned have signed this Guaranty this _____ day of _____, 20___.

GUARANTORS:

_____	_____
[Name]	[Name]
_____	_____
_____	_____
[Name]	[Name]

ATTACHMENT B

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

The undersigned Depositor (Franchisee) hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks and electronic debits (collectively, "debits") drawn on such account which are payable to Aerus Franchising, LLC (or its designee) as Payee at the banking institution, account number and ABA number to be separately provided to Depository by Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

PLEASE FILL OUT COMPLETELY:

(Please attached **one voided check** for the above account.)

Store Location:_____ Store #:_____

FRANCHISEE:

_____,
a _____

By:_____
Name:_____

Date of Execution:_____

ATTACHMENT C

APPOINTMENT OF AGENT AND POWER OF ATTORNEY

That _____, a _____, ("Franchisee") does hereby irrevocably constitute and appoint AERUS FRANCHISING, LLC, a Delaware limited liability company, its successors and assigns ("Company"), its true and lawful attorney-in-fact and agent for Franchisee and in Franchisee's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in Company's sole discretion, will be necessary or advisable for the sole purposes of assigning to Company all rights in and to all leases for the Approved Locations and the telephone numbers, domain names and websites of the Franchised Business (as defined under the Franchise Agreement (hereinafter defined) and any other business listings thereof or of Franchisee. Company will have the authority to execute and deliver on Franchisee's behalf any and all documentation required, and Franchisee hereby grants unto Company full power and authority to do and perform any and all acts and things which, in Company's sole discretion, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Company may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with Company will be required to ascertain Our authority, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Company. Any person, firm or corporation dealing with Company will be fully protected in acting and relying on a certificate of Company that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee will not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Franchisee by Company will be deemed to include such a certificate on Company's part, whether or not expressed. This paragraph will survive any termination of this Power of Attorney.

This Power of Attorney will terminate three (3) years following the expiration or termination of that certain Franchise Agreement dated as of _____, by and between Company and Franchisee (the "Franchise Agreement"). Such termination, however, will not affect the validity of any act or deed that Company may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest and such power of attorney will not be affected by the subsequent disability or incapacity of the principal. It is executed and delivered in the State of Texas and the laws of the State of Texas will govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

As applicable, this Appointment of Agent and Power of Attorney ratifies the undersigned's prior Power of Attorney granted to the company and supplements and extends its terms.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned has executed this Appointment of Agent and Power of Attorney as of the _____ day of _____, 20___.

FRANCHISEE:

_____, a
_____

By:_____
Name:_____
Title:_____

EXHIBIT I

FORM OF LEASE RIDER

THIS LEASE RIDER (this "Lease Rider") is attached to and made a part of that certain Lease Agreement dated [DATE OF LEASE], by and between [NAME OF TENANT] ("Tenant") and [NAME OF LANDLORD] ("Landlord"), effective this [EFFECTIVE DATE].

R E C I T A L S:

A. Aerus Franchising, LLC ("Company") and Tenant are parties to a certain Franchise Agreement (the "Franchise Agreement").

B. Tenant and Landlord desire to enter into a lease (the "Lease") pursuant to which Tenant will occupy the premises located at [ADDRESS OF PREMISES] (the "Premises") for the purpose of operating a business which offers and sells cleaning, purification, health improvement and other consumer products (including accessories, attachments and parts) and services (the "Business") using or bearing the trade name, trademark or service mark "Aerus", "Lux", "Electrolux" or certain other indicia owned or licensed by Company (the "Proprietary Marks") pursuant to the Franchise Agreement.

C. As a condition to receiving consent by Company to enter into the Lease, Tenant is required to cause this Lease Rider to be executed and made a part of the Lease.

A G R E E M E N T:

NOW, THEREFORE, for and in consideration of the foregoing premises and the promises set forth below and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged and confirmed, the parties agree as follows:

1. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Business.

2. Landlord consents to Tenant's use of the Proprietary Marks. Landlord acknowledges that the Proprietary Marks and all right thereto or therein are the sole and exclusive property of Company and that all signs and displays bearing any of the Proprietary Marks placed in or on the Premises shall remain personal property and shall not become fixtures or otherwise part of the real property. Landlord shall not claim any rights in or to the Proprietary Marks and will not restrict or limit Company's, or any of Company's affiliates', rights with respect to the Proprietary Marks.

3. Landlord agrees to furnish Company with copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time, and in the same manner, that such letters and notices are sent to Tenant. The address for such letters and notices shall be 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254, Attention: Real Estate Department, with a copy to 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254, Attention: Legal Department - Notices, or at such other address as Company shall designate in writing.

4. Company (or any designee of Company) shall have the right to enter the Premises to make any modification or alteration necessary with respect to the Proprietary Marks or to cure any default under the Franchise Agreement or any other agreement entered into between Tenant and Company or any of Company's affiliates or under the Lease, including removal of any signs, displays or graphics bearing the Proprietary Marks without being guilty of trespass or any other crime or tort, and Landlord shall not be responsible for any expense or damages arising from Company's action in connection therewith.

5. In the event of Tenant's default under the terms of the Lease, Company may, but is not required to, cure the default and may assume the lease in Company's name. If Company elects to cure the default and assume the Lease, Company shall, within thirty (30) days after Company receives notice of the default, notify Landlord of its intent to cure such default and to assume the Lease. Company shall cure the default within thirty (30) days of such election or, if the default cannot be reasonably cured within such thirty (30) day period, then Company shall commence and proceed to cure the default within such time as is reasonably necessary to cure the default. If Company elects to assume the Lease, Landlord agrees to recognize Company as the Tenant under the Lease, and Tenant shall no longer have any rights thereunder.

6. Tenant shall be permitted to assign the Lease to Company or any of Company's affiliates upon the expiration or termination of the Franchise Agreement and Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment, or require Company to pay any past due rent or other financial obligation of Tenant to Landlord, it being understood that Landlord shall look solely to Tenant for any rents or other financial obligations owed to Landlord prior to such assignment. Landlord and Tenant acknowledge that Company is not a party to the Lease and shall have no liability under the Lease, unless and until the Lease is assigned to, or assumed by, Company.

7. In the event the Franchise Agreement is terminated by Company, Company shall promptly notify Landlord. Landlord acknowledges that, upon such termination, Company may elect under the Franchise Agreement to assume control of the Business and take possession of the Premises. Upon notice from Company of such termination and election, Landlord shall cooperate with Company in assuming possession of the Premises. Such possession shall not constitute a trespass or any other civic or tort, and Landlord shall not be responsible for any expenses or damages arising from Company's action in connection therewith.

8. Notwithstanding anything contained in this Lease, in the event Company becomes the tenant under the Lease, Company is expressly authorized, without the consent of the Landlord, to assign or sublet the Leased Premises to any authorized distributor, franchisee or affiliate of Company, provided such assignment or subletting is specifically subject to the terms of the Lease. Company may also assign the Lease to a financial institution for collateral purposes in connection with any financing transaction.

9. Tenant and Landlord shall not assign the Lease or renew, extend, or cancel the term thereof without the prior written consent of Company.

10. Landlord and Tenant shall not amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Company.

11. The terms of this Lease Rider will supersede any conflicting terms of the Lease.

12. The terms and conditions of this Lease Rider shall be attached and incorporated in the Lease for all purposes thereunder.

13. This Lease Rider has been prepared, and is being executed, for the benefit of Company, and Company shall be a third-party beneficiary for all purposes hereunder. Company shall be entitled to receive the benefit of, and shall be permitted to enforce, any and all provisions hereof together with, or independent of, Tenant.

14. Facsimile signed copies of this Lease Rider shall serve as an original signed Lease Rider until such time that the original Lease Rider has been fully executed and delivered to all parties. In the event that an original signed Lease Rider is not delivered to all parties, the facsimile signed Lease Rider shall remain fully binding and effective for all purposes.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, this LEASE RIDER is effective as of the _____ day of _____, 20___, but executed as of the dates set forth with their signatures below.

TENANT

[If an entity]: _____,
a _____

By:_____

Name:_____

Title:_____

Date of Execution:_____

[If an individual]: _____

Name:_____

Date of Execution:_____

LANDLORD:

By:_____

Name:_____

Title:_____

Date of Execution:

EXHIBIT II

FORM OF SOFTWARE LICENSE AGREEMENT

THIS SOFTWARE LICENSE AGREEMENT (this "Software License"), is being entered into simultaneously with that certain Franchise Agreement (the "Franchise Agreement") dated of even date herewith (the "Effective Date") by and between Aerus Franchising, LLC, a Delaware limited liability company, having offices at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254 ("Licensor") and the individual or entity executing this Agreement as Licensee ("Licensee"). All capitalized terms used herein that are not otherwise defined have the meanings assigned to such terms in the Franchise Agreement.

WITNESSETH:

WHEREAS, in connection with Licensee's execution of the Franchise Agreement and the software licenses provided for therein, Licensor and Licensee desire to execute this Software License in order to evidence the specific terms and conditions of such license;

NOW, THEREFORE, for and in consideration of the premises and promises set forth herein and in the Franchise Agreement, and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, Licensor and Licensee agree as follows:

1. Licensor hereby grants to Licensee a nonexclusive, nonassignable license to use the computer programs (including all revisions, modifications and enhancements thereto), in object code form (the "Software"), together with their related user and operating documentation, if any (the "Documentation") from time to time made available to Licensee under the Franchise Agreement. Licensee must provide, at Licensee's sole expense, the hardware, software and Internet or telecommunication connections meeting or exceeding the minimum operating specifications for the Software, as Licensor determines from time to time.

2. Licensee must use the Software and the Documentation only in the operation of Licensee's Franchised Business at the Approved Locations. Licensee may not modify, copy, translate, or reproduce in any form all or any part of the Software or the Documentation without Licensor's prior written consent, and in such event solely to the extent required for use of the Software and the Documentation in the operation of Licensee's Franchised Business. Any copies made under Licensor's direction must include any proprietary notices Licensor may request, including the statement "Copyright © AERUS FRANCHISING, LLC." Licensee must not make the Software or any Documentation available to any party except as described herein. Licensee must not, nor will Licensee allow any third party to, reverse engineer, decompile or otherwise recreate the Software or to reproduce or disclose any portion of the Documentation.

3. As between Licensor and Licensee, all copies of the Software and the Documentation, including any produced by Licensee with Licensor's consent, are and will remain Licensor's sole and exclusive property during and after the term of this Software License. Licensee acknowledges and agrees that Licensor may secure all or any part of the Software or the Documentation from Licensor's Affiliates and/or other third party licensors. Licensee agrees to

execute and deliver to Licensor any further contracts, agreements, reports and/or other documents Licensor requires.

4. Licensee understands and acknowledges that the Software and the Documentation contains Licensor's trade secrets and agrees, during the term of this Software License and thereafter, not to communicate, divulge or use the Software or the Documentation other than in the operation of Licensee's Franchised Business by Licensee and Licensee's employees. Licensee may divulge and allow access to the Software and the Documentation only to Licensee's employees who must have access in connection with their employment in Licensee's Franchised Business. At Licensor's request, Licensee will require and obtain execution of covenants concerning the confidentiality of the Software and the Documentation from any persons Licensee employs who have access to the Software. The grant of the licenses hereunder and the carrying out of the transactions contemplated hereby will not be deemed publication by either party of all or any portion of the Software.

5. Licensee must exercise reasonable precautions, no less rigorous than those Licensee uses to protect Licensee's own Confidential Information, to protect the confidentiality of the Software and the Documentation including, at a minimum, giving instructions to Licensee's employees that the Software and the Documentation are the proprietary information or Licensor and Licensor's trade secrets. Licensee must not remove or alter any designations (including copyright notices) that Licensor or Licensor's licensors have included in the Software, on the distribution media, and/or on the Documentation that indicate such material is the proprietary property of Licensor or such other licensors.

6. Licensee agrees to notify Licensor immediately upon becoming aware (or acquiring a reasonable basis for suspicion) of the existence of any unauthorized knowledge, possession or use of the Software, the Documentation or of any part thereof.

7. Licensee acknowledges and agrees that the Software and the Documentation are the valuable property and trade secrets of Licensor and/or Licensor's licensors, that any violation by Licensee of the provisions of this Software License would cause Licensor or Licensor's licensors irreparable injury for which they would have no adequate remedy at law, and that, in addition to any other remedies which Licensor may have, it will be entitled to preliminary and other injunctive relief against any such violation.

8. The term of this Software License will be co-extensive with the term of the Franchise Agreement, including any renewal of the term of the Franchise Agreement.

9. Expiration or termination of the Franchise Agreement for whatever reason will automatically terminate this Software License and the right granted by it to use the Software, without notice to Licensee. If Licensor's license to any portion of the Software secured from any third party should terminate, then this Software License will automatically terminate as to such portion of the Software, and Licensee will comply with the provisions of Paragraph 10 in connection with such portion of the Software. In addition, Licensor may terminate this Software License upon the failure by Licensee to comply with any of the terms and conditions herein, by giving Licensee written notice of termination stating the nature of the breach at least thirty (30) days prior to the effective date of termination; provided that Licensee may avoid termination by

immediately initiating a remedy to cure such default and curing it to Licensor's satisfaction within the thirty (30) day period and by promptly providing proof thereof to Licensor. If any such default is not cured within that time, or such longer period as applicable law may require, this Software License will terminate without further notice to Licensee effective immediately upon expiration of the thirty (30) day period or such longer period as applicable law may require. Paragraphs 3, 4, 5, 6, 7, 10 and 12 through 20 of this Software License will survive termination, cancellation or expiration of the Franchise Agreement and this Software License.

10. Upon the expiration or termination of this Software License, Licensee must immediately deliver to Licensor all copies of the Software and the Documentation then in Licensee's possession or control and erase the Software from Licensee's computer system, and must immediately cease to use the Software and the Documentation.

11. Licensor will replace without charge the distribution media (*e.g.*, CD-ROM) containing the Software provided under this Software License if such media contains defects in materials and workmanship that are not caused by Licensee's misuse or negligence. As a substitute for such distribution media, Licensor may grant Licensee online access to a directory from which the Software may be downloaded using the Internet or other online communication method, or Licensee shall grant Licensor remote or in-person access to its hardware in order to permit Licensor to install the Software, whichever Licensor shall designate. The foregoing describes Licensor's sole and exclusive warranty, and Licensee's sole and exclusive remedy, regarding the distribution media and the Software.

12. **EXCEPT FOR THE LIMITED WARRANTY DESCRIBED ABOVE, THERE ARE NO WARRANTIES GRANTED TO LICENSEE OR ANY OTHER PERSON OR ENTITY FOR THE SOFTWARE, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED** WARRANTIES **OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT; ALL SUCH WARRANTIES ARE EXPRESSLY AND SPECIFICALLY DISCLAIMED. THE SOFTWARE AND DOCUMENTATION IS PROVIDED TO LICENSEE "AS-IS" WITHOUT ADDITIONAL WARRANTY OF ANY KIND. LICENSOR DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE WILL MEET LICENSEE'S REQUIREMENTS OR THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE.**

13. **LICENSEE IS SOLELY RESPONSIBLE FOR DETERMINING LICENSEE'S DESIRED RESULTS FROM THE USE OF THE SOFTWARE, FOR EVALUATING THE SOFTWARE'S CAPABILITIES AND FOR SUCCESSFULLY OPERATING THE SOFTWARE. IN NO EVENT WILL LICENSOR BE RESPONSIBLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES, OR FOR LOST DATA OR LOST PROFITS TO LICENSEE OR ANY OTHER PERSON OR ENTITY, WHETHER OR NOT DUE TO OUR NEGLIGENCE, ARISING OUT OF THE USE OR INABILITY TO USE THE SOFTWARE, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OCCURRING. IN THE EVENT THAT ANY OTHER TERM OF THIS SOFTWARE LICENSE IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISION OF WAIVER**

BY AGREEMENT OF DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OR FOR LOST DATA OR LOST PROFITS WILL CONTINUE IN FULL FORCE AND EFFECT. WITHOUT LIMITING THE FOREGOING, IN NO EVENT WILL LICENSOR BE LIABLE TO LICENSEE FOR DAMAGES (DIRECT OR OTHERWISE) UNDER THIS AGREEMENT IN EXCESS OF THE INITIAL FRANCHISE FEE PAID BY LICENSEE TO LICENSOR, EVEN IF LICENSOR HAS BEEN NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED WARRANTY. THESE DISCLAIMERS OF WARRANTY AND LIMITATIONS OF LIABILITY CONSTITUTE AN ESSENTIAL PART OF THIS AGREEMENT.

14. **THIS SOFTWARE LICENSE WILL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF TEXAS (EXCEPT FOR TEXAS CHOICE OF LAW RULES).** Licensee specifically acknowledges that the Software and the Documentation may be subject to United States and other country export control laws. Licensee must comply strictly with all requirements of all applicable export control laws and regulations with respect to all of the Software and the Documentation.

15. If any provision herein is declared to be void or unenforceable by a court of competent jurisdiction, such declaration will have no effect on the other provisions of this Software License, which will remain in effect and fully enforceable.

16. Licensee agrees to pay any sales, use, ad valorem, personal property and general intangibles tax and any registration fees arising out of this Software License and the transactions contemplated herein, except for any taxes imposed upon Licensor's gross income.

17. Licensee is solely responsible for all hardware, operating systems, and other software and peripherals required to make the Software operate as intended, including all costs and expenses related to a personal computer and a compatible operating system. If the operation of the Software requires an Internet, dial-up, VPN, T1 or other connection to a remote computer Licensor designates or approves, Licensee will be responsible for all hardware, software and telecommunication charges and expenses in connection therewith.

18. Licensee may not cause or effectuate an assignment of (whether by operation of law or otherwise) any of Licensee's rights under this Software License without Licensor's prior written consent.

19. Notice under this Software License will be provided as indicated in the Franchise Agreement.

20. The provisions of this Software License are incorporated into the Franchise Agreement by reference. This Software License and related provisions of the Franchise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all related prior and contemporaneous agreements between the parties. This Software License may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall be considered one and the same instrument.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Software License as of the date set forth with their signatures below to be effective as of the _____ day of _____, 20___.

LICENSOR:

AERUS FRANCHISING, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

Date of Execution: _____

LICENSEE:

_____,
a _____

By: _____
Name: _____
Title: _____

Date of Execution: _____

EXHIBIT III

FORM OF CONSIGNED PRODUCTS SECURITY AGREEMENT

THIS CONSIGNED PRODUCTS SECURITY AGREEMENT (this "Agreement"), is being executed simultaneously with that certain Franchise Agreement (the "Franchise Agreement") dated of even date herewith (the "Effective Date") by and between Aerus Franchising, LLC, a Delaware limited liability company ("Company"), having offices at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254 and the individual or entity executing this Agreement as Consignee ("Consignee"). All capitalized terms used herein that are not otherwise defined have the meanings given such terms in the Franchise Agreement.

WITNESSETH:

WHEREAS, Consignee and Company have entered into the Franchise Agreement , which agreement governs the operations by Consignee of a franchised business engaged in, among other things, the sale of certain consigned products and other related products and services as permitted by, and more particularly described in, the Franchise Agreement;

NOW, THEREFORE, for and in consideration of the premises and promises set forth herein and in the Franchise Agreement, and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, Company and Consignee agree as follows:

1. Consignment Arrangement. Company has consigned or agrees to consign to Consignee, and Consignee agrees to receive on consignment from the Company, the Consigned Products for sale, at Company's listed retail prices. This is intended to be a true consignment and Company shall at all times retain the full legal and equitable title to the Consigned Products. This Agreement is entered into as a precautionary measure to insure that Company's rights to the Consigned Products shall be first and prior to all other creditors of Consignee under all circumstances.

2. Security Interest. To secure the due and punctual payment of all amounts due to Company for the proceeds arising from the sale or return to Company of the Consigned Products, Consignee hereby agrees that Company shall have, and hereby grants to and creates in favor of Company, a security interest in and to the Consigned Products and all proceeds thereof, as more fully-described on the Schedule of Collateral attached hereto (the "Collateral"). Consignee shall pay the cost of filing or recording this Agreement and any related financing statement in all public offices and the cost of all searches of records, wherever filing or recording or searching of records is deemed by Company to be necessary. At the request of Company, Consignee shall, from time to time, execute additional or supplemental documents and agreements to confirm Company's security interest in the Collateral.

3. Covenants of Consignee. Without limitation of the obligations of Consignee to Company contained in any other agreement, Consignee hereby agrees that at all times that it shall:

(a) keep the Consigned Products separate and apart from any other goods or assets of Consignee or others and clearly mark at all times in its books and records that the Consigned Products are the property of Company;

(b) sell the Consigned Products only in the ordinary course of business of Consignee pursuant to the Franchise Agreement and any other instructions of Company, at the prices set by Company, and providing only the manufacturer's warranties given with the Consigned Products;

(c) all proceeds generated from the Consigned Products are the property of Company and shall be paid into the bank account designated by Consignee as being a trust account for the benefit solely of Company. If Company so requests, Consignee shall grant Company signing authority on such bank account. Consignee agrees that all Proceeds shall be held by it in trust solely for the benefit of Company; and

(d) Consignee shall at all times carry insurance over the Consigned Products against all risks for the full replacement value with Company named as loss payee and co-insured. Consignee shall deliver a copy of such policy to Company upon execution of this Agreement and such policy shall contain a so-called mortgagee clause giving Company at least 30 days' notice in advance of any cancellation of such coverage.

4. Event of Default; Termination. This Agreement may be terminated by Company for any reason upon thirty days prior written notice, however, the security interest in the Collateral shall survive until payment in full has been made for products consigned from Company. In addition, the following shall be "Events of Default" under this Agreement: (a) Consignee shall default under this Agreement or fail to perform or observe any of the agreements or covenants set forth in this Agreement or fail to pay when due any invoice or invoices covering products subject to this Agreement; (b) Consignee shall be declared to be in default under any material contract, agreement, or instrument to which Consignee is a party with Company or Aerus Franchising, or either of their affiliates or assigns, including without limitation the Franchise Agreement and documents incidental or related thereto, and such default shall continue beyond any applicable cure period; (c) Consignee shall sell, remove, or attempt to sell, remove, or assign Collateral not in the ordinary course of business; (d) any creditor of Consignee shall obtain possession of any Collateral by means including, without limitation, levy, distraint, replevin or self-help.

Upon the occurrence of any Event of Default and without notice, Company may immediately accelerate the maturity of any debt hereunder and Company may proceed to protect and enforce its rights either by suit in equity and/or by action at law or proceed to obtain judgment or any other relief whatsoever appropriate to the action or proceeding. In addition, Company may immediately, without demand of performance and without other notice to Consignee (all of which are hereby expressly waived): (a) repossess the Collateral at its location; (b) without advertisement, sell at public or private sale or otherwise realize upon the whole or, from time to time, any part of the Collateral, or any interest which Consignee may have therein; (c) to the full extent permitted by applicable law, enter any premises where the Collateral is located and take possession and control of the same and to keep and store the Collateral on such premises or operate the business wherein the Collateral is located; or (d) Company shall have the right of set-off as against any or all amounts owing to Consignee by Company. All rights and remedies given by this Agreement are cumulative and not exclusive of any thereof or of any other rights or remedies

available to Company, and no course of dealing between the parties shall operate as a waiver of such rights or remedies. Consignee shall, on demand, reimburse Company for all expenses, including the reasonable fees and expenses of legal counsel for Company, incurred by Company in connection with the enforcement of this Agreement.

5. Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Texas, the law of which shall prevail in the event of any conflict of law.

6. Forum Selection. The undersigned agree that any action brought by undersigned against holder in any court, whether federal or state, shall be brought only within the State of Texas in the judicial district in which Company has its principal place of business; and the parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. The undersigned also agree that the Company may, in its sole discretion, bring any action against the undersigned in any court, whether federal or state, within either (a) the State of Texas; or (b) in any jurisdiction in which the undersigned resides or owns property. If the Company brings an action against undersigned in any state or federal court located within the State of Texas in the judicial district in which Company has its principal place of business, undersigned accepts generally and unconditionally the jurisdiction and venue of the aforesaid courts and waives any defense of forum non conveniens.

7. Waiver of Jury Trial. Company and undersigned agree that in any litigation, suit, action, counterclaim, or proceeding, whether at law or in equity, which arises out of, concerns, or relates to this Agreement, any and all transactions contemplated hereunder, the performance of this Agreement, or otherwise, trial shall be to a court of competent jurisdiction and not to a jury. Company and undersigned hereby irrevocably waive any right either party may have to a trial by jury. Either Company or undersigned may file an original counterpart or a copy of this Agreement with any court as written evidence of the consent of Company or undersigned of the waiver of their right to trial by jury.

8. Partial Invalidity. If any terms, covenants, or conditions of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall nevertheless survive and be binding upon the parties hereto.

9. Notice. Any notice required to be given or which Company shall give to Consignee hereunder may be given by Company to Consignee in person, by overnight mail delivery, or by United States certified mail addressed to Consignee at the address appearing by Consignee's signature below.

10. Counterpart Execution. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall be considered one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Consigned Products Security Agreement as of the dates set forth with their signatures below to be effective as of the _____ day of _____, 20___.

CONSIGNEE:

_____
a _____,

By: _____
Name: _____
Title: _____

ADDRESS OF CONSIGNEE:

_____
_____
_____

Date of Execution: _____

COMPANY:

AERUS FRANCHISING, LLC
A Delaware limited liability company

By: _____
Name: _____
Title: _____

ADDRESS OF COMPANY:

14841 Dallas Parkway, Suite 500
Dallas, Texas 75254

Date of Execution: _____

SCHEDULE OF COLLATERAL

All present and future right, title and interest of Consignee in and to all the inventory now owned or hereafter acquired. Such inventory includes, without limitation, all attachments, renewals, replacements, additions, accessories, increases, parts, substitutes therefore and proceeds of the above and all guaranties, claims, rights, remedies and privileges relating to any of the foregoing.

Description of Real Estate Upon Which Collateral is Located Premises
located at:

A. Franchise No._____

Address Phone Number

C. Franchise No._____

B. Franchise No._____

Address Phone Number

D. Franchise No._____

EXHIBIT 2(b)

FRANCHISE AGREEMENT (Associate Program), LEASE RIDER, SOFTWARE LICENSE AGREEMENT AND CONSIGNED PRODUCTS SECURITY AGREEMENT

FRANCHISE AGREEMENT (Associate Program)

THIS FRANCHISE AGREEMENT (Associate Program) (the "Agreement") is made effective as of the date shown on the signature page hereto (the "Effective Date") and is made between Aerus Franchising, LLC, a Delaware limited liability company, having its principal place of business at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254 ("Company") and the entity or individual executing this Agreement as "Franchisee" and having its primary residence or principal place of business at the address set forth in Schedule 1, attached hereto ("Franchisee"). Franchisee represents that the ownership interests shown in Schedule 2 attached hereto are true, complete and correct. Certain capitalized terms and phrases are used in this Agreement with the meanings assigned in Addendum A, attached hereto, which is incorporated herein by reference.

R E C I T A L S

A. Company grants franchises to qualified individuals and business entities for the right to establish and operate businesses that (i) market, distribute and sell the Company's and its Affiliates' line of air purification, water purification, water conditioning, floor care and other environmental products for homes and businesses, including accessories, attachments, parts and supplies; (ii) provide testing for environmental contaminants and market, distribute and sell products, services and treatments for the control of indoor environmental contaminants; and (iii) perform product repair, maintenance and related services for our products and certain products of our competitors (collectively, the "Proprietary Products"). The Proprietary Products bear or are identified by the trade name, trademark or service mark "Beyond", "Beyond by Aerus", "Aerus", "Lux", "Electrolux" or certain other indicia owned, licensed or otherwise contracted for by Company (the "Proprietary Marks") and are marketed, distributed and sold through (among other channels) a network of independent franchisees, operating from permitted fixed locations, and their permitted distributors, licensees and sales representatives, who each assume responsibility for their own marketing, promotion, sales and distribution of the Proprietary Products, directly or indirectly, to the end-user, consuming public.

B. Company and its Affiliates have developed a distinctive and proprietary system (the "Proprietary System") for establishing and operating businesses that offer and sell the Proprietary Products. The distinguishing characteristics of the Proprietary System include, among other things: identification by the Proprietary Marks; distinctive exterior and interior design, décor, color scheme and furnishings, fixtures and other trade dress elements; proprietary products; standards, specifications, policies and procedures for construction, management and operations; quality, distinctiveness and uniformity of products and services; standards, specifications, procedures and automated, software driven administrative systems for customer, lead, inventory, sales and financial management and control; sales, recruiting and lead generation programs; training and assistance; and advertising and promotional programs all as are more particularly described and designated in the Manuals and all of which we may change, improve, and further develop at Company's sole option from time to time.

C. Company grants to third parties the license and right to operate under one (1) of two (2) franchise programs, known as (i) the standard franchise program (the "Standard Program"), and (ii) the associate franchise program (the "Associate Program"); both of which offer

and sell certain of the Proprietary Products as determined from time to time by Company, are identified by certain of the Proprietary Marks as determined from time to time by Company, and use certain elements of the Proprietary System as determined from time to time by Company. The Company also grants to qualified franchisees operating under the Standard Program and Associate Program a right to sell "Beyond Products" which rights are granted solely pursuant to an addendum to their respective franchise agreement (the "Beyond Addendum"). For purposes of this Agreement, unless otherwise indicated herein, "Products" shall mean those Products determined by Company from time to time as applicable to the Associate Program "Beyond Products" shall mean those Proprietary Products determined by Company from time to time applicable to those franchisees who sign a Beyond Addendum and that are marketed, distributed and sold under the "Beyond" or "Beyond by Aerus" trademarks. "Marks" shall mean those Proprietary Marks determined by Company from time to time as applicable to the Associate Program, and "System" shall mean those elements of the Proprietary System determined by Company from time to time as applicable to the Associate Program.

D. Company may (i) establish additional franchise programs for the offer and sale of Products, which programs utilize the Marks and the System, (ii) cease granting licenses and rights to operate under one (1) or more of the above described franchise programs, or (iii) cease granting licenses and rights to operate under any franchise programs.

E. Company desires to grant to Franchisee, and Franchisee desires to receive and accept from Company, a license and franchise to operate an Aerus Business under the Associate Program at or from the Approved Location in accordance with the System (the "Franchised Business"), pursuant and subject to the terms, conditions and provisions of this Agreement.

A G R E E M E N T

NOW, THEREFORE, for and in consideration of the foregoing premises and the promises set forth below and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged and confirmed, the parties agree as follows:

1. Grant of Franchise Rights.

A. Company hereby grants to Franchisee the right and license, and Franchisee hereby accepts the right and obligation, to establish and operate the Franchised Business (under the Associate Program) upon and subject to the terms, conditions and provisions of this Agreement. Franchisee agrees and acknowledges that Franchisee shall have the right to offer and sell the Products only to Approved Customers within the area identified as the Area of Responsibility in Schedule 1, attached hereto (the "Area of Responsibility"), all in accordance with the terms, conditions and provisions of this Agreement and the Manuals, including the Policies and Procedures. Except as otherwise provided herein, such offers and sales may only be made through the Approved Location or from in-home or in-person demonstrations conducted within the Area of Responsibility. Nothing herein shall be construed to grant the right to Franchisee to offer and sell the Beyond Products.

B. Subject to Company's prior approval, the Franchised Business shall be identified and operated by Franchisee only under the assumed name (the "Approved Name") "Aerus"

(including such qualifiers and descriptions as may be set or approved by Company from time to time so as to geographically or otherwise distinguish one franchise from another), including the hanging of an approved exterior sign bearing such trade name; provided, that Company shall be permitted at any time and from time to time after the date of this Agreement, upon written notice, to alter or change the assumed name under which the Franchised Business shall be identified and operated. Franchisee shall, at its expense, make all county and state assumed name filings required by law (including any filings made necessary by a change in required trade names pursuant hereto) and provide evidence of such filing to Company.

C. The Franchised Business shall be operated from the Approved Location and from no other physical location, except as may be permitted by Company in writing at its sole option. Franchisee shall cause any premises lease covering the Approved Location to include a lease rider in a form substantially similar to the form attached hereto as Exhibit I.

D. Intentionally Omitted.

E. Franchisee shall be permitted, at its own cost and expense, to hire and retain such employees, consultants and agents as Franchisee may deem necessary in establishing and operating the Franchised Business. Additionally, Franchisee shall be permitted to employ or engage, on forms reasonably acceptable to Company and which grant no greater rights and retain at least the same restrictions and limitations as this Agreement, Sales Representatives who shall operate in accordance with this Agreement and the Manuals, including the Policies and Procedures. Franchisee shall have sole authority and discretion regarding all employment matters, including without limitation, hiring, firing, discipline, compensation, benefits and scheduling. Notwithstanding the generality of the foregoing, Company may from time to time set minimum staffing requirements and hours of operation for Approved Locations in the Manuals.

F. Except as provided in this Agreement, Company will not establish, permit or authorize any person or entity other than Franchisee to establish a physical location for the operation of any Aerus Business under any of the four Programs listed in Recital C within the area identified as the Protected Area in Schedule 1, attached hereto (the "Protected Area").

G. Notwithstanding anything herein to the contrary, without Company's prior written approval, Franchisee shall not (1) conduct the Franchised Business under any actual or assumed name other than the Approved Name, (2) sell to any person or entity that is not an Approved Customer, (3) advertise, market or solicit sales outside of the Area of Responsibility, (4) sell to any person not residing within the Area of Responsibility, (5) conduct any aspect of the Franchised Business by, through, over or on the internet or world wide web, including without limitation, advertising, marketing and solicitation, unless or until Company establishes a Company sponsored program for such conduct by Franchisees and, then, only as part of and in accordance with such program, (6) use any trade name, trademark or service mark in connection with the Franchised Business other than the Marks (and then only in strict accordance with the terms and conditions of this Agreement, the Policies and Procedures, the Manuals and any specific guidelines imposed by Company), (7) advertise or sell any product or service from the Approved Location or through the Franchised Business bearing any trade name, trademark or service mark other than the Marks, (8) sell any product or service that is not a Product, or (9) permit any Product to be sold from any

physical location other than the Approved Location, by any Person other than an authorized representative of Franchisee or in a manner otherwise inconsistent with the System.

H. Notwithstanding the foregoing and without limiting the generality of the provisions contained in this Section, Franchisee acknowledges that Company and its Affiliates and existing franchisees, distributors and licensees operate existing businesses and systems, and may in the future establish and operate new businesses and systems, including Aerus Businesses, under the same and other assumed names, trade names and trademarks as the Marks, which businesses and systems may offer or sell products and services similar or identical to the Products, and may do so (or grant licenses or franchises for third-parties to do so) within any part of the Area of Responsibility (except as limited by the rights granted hereunder). The right granted under this Agreement is only for the operation of the Franchised Business in accordance with this Agreement. Franchisee is granted no rights of any kind in and to any other business or system that may now or hereafter be owned, operated or licensed by Company or any of its Affiliates. Company and Company's Affiliates retain all rights not expressly granted herein. Company reserves the right to provide new products and services under the System, and to require or permit new products and services to be provided, marketed, promoted, distributed or sold hereunder by Franchisee through the Franchised Business, and may, in connection therewith, without limitation (1) require Franchisee to execute an additional or supplemental agreement and (2) require the payment of a royalty.

I. If not an existing Aerus Business, Franchisee shall open the Franchised Business at the Approved Location not later than the Opening Date. Company will identify any modifications or improvements to the premises of the Franchised Business, if any, which Franchisee shall make, at Franchisee's expense, prior to the Opening Date, or within such time period ending after the Opening Date as Company may designate in writing.

2. Term. Unless sooner terminated as provided herein, the duration of the initial term (the "Initial Term") and the renewal term (the "Renewal Term") will be as stated in Schedule 1 attached hereto, which, collectively, shall constitute the "Term" of this Agreement. Upon the expiration of the Initial Term, Franchisee may renew the franchise for one (1) Renewal Term, provided Company is then offering new franchise rights for the establishment of Aerus Businesses in the State where the franchise subject to renewal is located and provided Franchisee meets all of the following conditions: (1) Franchisee has no uncured Event of Default under the Agreement at the time of renewal; (2) Franchisee gives Company written notice of Franchisee's desire to renew at least thirty (30) days prior to the end of the Initial Term; (3) Franchisee has achieved ten thousand dollars ($10,000) or more in Gross Sales each month during the prior six (6) months; (4) Franchisee executes Company's then-current form of franchise agreement, which, upon execution, will supersede this Agreement and which may differ from the terms of this Agreement, including, without limitation, the payment of higher or additional fees and revised Minimum Sales Requirements; (5) Franchisee pays Company a renewal fee of one hundred dollars ($100) (in lieu of paying an initial franchisee fee); and (6) Franchisee and its principals and guarantors execute a general release, in a form satisfactory to Company, of any and all claims against Company and Company's current and former Affiliates, officers, directors, owners, employees, and agents. In the event the parties continue to perform under this Agreement after expiration of the Initial Term or Renewal Term without executing a new agreement, this Agreement will be deemed to extend

on a month-to-month basis and both parties will have the right to terminate (and prevent further extensions of) this Agreement upon at least thirty (30) days' written notice.

3. License of the Marks.[1]

A. Company hereby grants to Franchisee a limited non-exclusive right and license to use the Marks in strict accordance and compliance with the terms and conditions of this Agreement, the Policies and Procedures and any specific guidelines Company may impose from time to time. Company may, at its option from time to time, modify and change the Marks permitted to be used by Franchisee hereunder and the manner in which such of the Marks may be used, including discontinuing the permitted use of any of the Marks. This license does not permit, and it shall be strictly prohibited for, Franchisee to use or include any of the Marks as a part of Franchisee's legal business name. All rights and licenses granted pursuant to this Section or otherwise in this Agreement concerning the Marks shall automatically terminate upon the expiration or termination of this Agreement, and Franchisee shall promptly thereafter return to Company any documents, forms, applications, signs, banners, advertisements, marketing information, product specifications, sales literature and other material bearing the Marks. All rights and goodwill in any of the Marks are the sole and exclusive property of Company and any applicable licensor of Company, and all use of the Marks shall inure to the sole benefit of Company and Company's Affiliates. Nothing in this Agreement gives Franchisee any right in or to any of the Marks, except as specifically set forth in this Agreement. Franchisee shall not, for itself or together with any other person or entity, challenge Company's right, title or privilege in or to any of the Marks. Franchisee acknowledges the value of the Marks and the importance for Company to maintain proper control of the use of the Marks and to protect the Marks from infringement, abuse and misuse. Franchisee further acknowledges that any infringement, abuse or misuse of the Marks would result in irreparable injury to Company for which no adequate remedy at law may be available, and, notwithstanding any general requirement to arbitrate disputes, Franchisee consents to the issuance of an injunction prohibiting any conduct by Franchisee that may constitute infringement, abuse or misuse of the Marks or that otherwise would violate the terms of this Section without the necessity of showing actual or threatened harm, likelihood of success on the merits of the claims and without being required to furnish a bond or other security. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Company in connection with the enforcement of this Section, including payment of all expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Section.

B. Franchisee shall notify Company immediately by telephone, and thereafter in writing, of any apparent infringement of or challenge to Franchisee's use of any of the Marks or of any claim by any person of any rights in any of the Marks. Company shall have the right to take such action as it deems appropriate in connection with the foregoing, including the right to control any settlement, litigation or proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, shall render such assistance, and shall do such acts or things as may,

[1] For Franchised Businesses located in the State of Minnesota, Company will protect Franchisee's right to use the Marks or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks, provided that Franchisee is using the Marks as provided in the Manuals or as otherwise required by Company or by its Affiliates.

in Company's reasonable opinion, be necessary or advisable to protect and maintain Company's or Company's Affiliate's interests in any litigation or other proceeding or to otherwise protect and maintain Company's, Company's Affiliate's or any other interested party's interest in the Marks.

C. The rights in, and license of, the Marks granted hereunder are non-exclusive and, in addition to those rights described elsewhere in this Agreement, Company and Company's Affiliates retain all rights not expressly granted in this Agreement, including without limitation, the rights: (1) to grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees, if any; (2) to develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any additional rights hereunder; and (3) to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of products and services, including the Products, using the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as Company may develop or use from time to time.

D. Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, any Internet home page, e-mail address, website, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Company's express prior written consent. Without limiting the generality of the foregoing, Franchisee shall not cause, permit or allow the Marks, or any of them, or any words, symbols or terms confusingly similar thereto, to be used or displayed in whole or part (1) as, or a part of, an Internet domain name or URL; or (2) on or in connection with any Internet home page, website, bulletin board, newsgroup, chat-group, buddy list, instant messenger, meta-tag (or the comparable identifier in any future technology) or other Internet-related activity. Franchisee shall not link to or frame any website to any other website or authorize any third party to link to or frame any website.

4. License of the Software and Administration Systems. As a primary and material element of the System, Company and its Affiliates have developed a proprietary computer information and office automation system, comprised of various software programs and modules (including modules for customer relationship and lead management, financial administration and inventory ordering and management) (the "Software and Administration Systems"), which system is currently known as the Aerus Franchise Office Automation System ("FOAS").

A. Franchisee shall own and maintain at an Approved Location computer hardware, computer facilities and computer communications connections (*e.g.*, DSL, cable or satellite internet access connections and service where available) meeting all minimum performance specifications promulgated and published by Company from time to time in order to install, update and support FOAS.

B. Franchisee shall permit Company or its Affiliate in-person or remote access to its computer equipment and facilities for purposes of installing, updating and supporting FOAS and shall abide by any reasonable instructions, directions or requests of Company in connection with such installation, update and support.

C. Franchisee shall implement and use all functions of FOAS in the operation, administration, management and control of the Franchised Business and shall adopt for use all new programs and modules developed and installed from time to time by Company, including without limitation the Franchise Accounting Systems and Tools program module (including any successor or substitute financial management program or module which may be developed, "FAST"), and, if applicable, pay any fee imposed for the new program or module.

D. Franchisee shall execute a Software License Agreement in a form substantially similar to the form attached hereto as Exhibit II.

5. License of the Customer Data.

A. Company owns and maintains a database of customer information (the "Customer Data"). Company may make available for use by Franchisee on a limited, nonexclusive basis, that part of the Customer Data which is pertinent to the Area of Responsibility, subject to Franchisee's payment of the Customer Data Fee and strict accord and compliance with the terms and conditions of this Agreement, the Policies and Procedures and any specific guidelines Company may impose from time to time concerning collection, maintenance and use of the Customer Data. All rights and licenses granted pursuant to this Section or otherwise in this Agreement concerning the Customer Data shall automatically terminate upon the expiration or termination of this Agreement, and Franchisee shall promptly thereafter return to Company any printed or virtual item or material containing or bearing any of the Customer Data. All rights to and goodwill in the Customer Data are solely and exclusively the property of Company. Nothing in this Agreement gives Franchisee any right in or to any of the Customer Data except as specifically set forth in this Agreement. Franchisee shall not, for itself or together with any other person or entity, challenge Company's right, title or privilege in or to the Customer Data. Franchisee shall do such acts or things, as may, in Company's reasonable opinion, be necessary or advisable to protect and monitor the integrity of the Customer Data.

B. Franchisee acknowledges the value of the Customer Data and agrees that a substantial element of the System and function of the Franchised Business is support, service and development of Company's customer relationships. To that end, during the Term of this Agreement, Franchisee shall actively and diligently maintain, use, update, correct and supplement the Customer Data. Franchisee shall update the Customer Data immediately upon completion of any sale or customer contact, shall regularly review the Customer Data and take such action as may be appropriate based on the Customer Data, and shall otherwise use the Customer Data for marketing, lead generation, sales and recruiting purposes in accordance with the System and Company's procedures concerning such activities. Franchisee shall not use the Customer Data, or permit the Customer Data to be used, for any purpose except the operation of the Franchised Business and all uses and purposes incidental thereto.

C. Franchisee must comply with, and is solely responsible for ensuring that the Franchised Business complies with: (1) all applicable consumer and data privacy laws, including, without limitation, the Fair and Accurate Credit Transactions Act ("FACTA"); (2) the Payment Card Industry Data Security Standards ("PCI DSS"), as they may be revised and modified by the Payment Card Industry Security Standards Council (see www.pcisecuritystandards.org), or such successor or replacement organization as Company may specify; and (3) and such additional

guidelines relating to consumer and data privacy as Company may from time to time prescribe. Franchisee shall also periodically upgrade its computer systems to ensure Franchisee's compliance with all such laws, regulations, and guidelines. Franchisee's failure to comply with this Section 5(C) shall constitute a material default under this Agreement, and grounds for termination.

D. The rights in, and license of, the Customer Data granted hereunder are non-exclusive and, in addition to those rights described elsewhere in this Agreement, Company and Company's Affiliates retain all rights concerning the Customer Data not expressively granted in this Agreement, including, without limitation, the rights to: (1) terminate Franchisee's access to and right to use some or all of the Customer Data; (2) grant other licenses for use of all or any portion of the Customer Data, including any portion relevant to the Area of Responsibility; (3) develop systems and procedures to capture, store, manipulate, organize, sort and report the Customer Data and to require Franchisee to implement and utilize such systems and procedures; and (4) use the Customer Data in order to engage, directly or indirectly, at wholesale, retail or otherwise, in the distribution or sales of products and services, including, the Products.

6. Exclusivity and Non-Competition.

A. During the Term, neither Franchisee, nor its Operating Principal, or any other owner, shall (1) promote the sale of, or sell, directly or indirectly, any products or services that are similar in nature to, or that are substitutes for, the Products, (2) undertake or participate in any business or activity that is competitive in nature with the System or any of the Products, or with Company's, or any of Company's Affiliates', now existing or hereafter developed businesses or systems, or (3) use any of the Customer Data for any reason other than operation of the Franchised Business. Further, the Approved Location may be used for the operation and conduct of the Franchised Business only and for no other use. Franchisee may not use the Marks in connection with any business or activities other than the Franchised Business. Company may in the future modify, expand or supplement the System or modify or add to the Products offered hereunder and Company or any of Company's Affiliates may in the future develop or offer new businesses or systems. In either event, if Company determines, in its reasonable discretion that any behavior of Franchisee previously not in violation of this Section later violates this Section, Company may require that Franchisee cease any such behavior upon written notice to Franchisee.

B. For a period of one (1) year after the expiration or termination of this Agreement or the transfer of all of Franchisee's interest in this Agreement, neither Franchisee, nor its Operating Principal, shall, within the Area of Responsibility or within a ten (10)-mile radius of any Aerus Business in existence or under construction as of the expiration or termination of this Agreement or the transfer of all of Franchisee's interest in this Agreement, (1) promote the sale of, or sell, directly or indirectly, any products or services that are similar in nature to, or that are substitutes for, the Products or (2) undertake or participate in any business or activity that is competitive in nature with the System or any of the Products, or with Company's, or any of Company's Affiliates', now existing or hereafter developed businesses or systems. Franchisee agrees that the length of time in this Section 6(B) will be tolled for any period during which Franchisee is in breach of the covenants set forth in this Section 6(B) or any other period during which Company seeks to enforce this Agreement.

C. This Section 6 shall survive the expiration or termination of this Agreement. No claim Franchisee may have against Company, whether or not arising from this Agreement, shall constitute a defense to the enforcement by Company of the covenants provided for in this Section. Franchisee acknowledges that a violation of the terms of this Section would result in irreparable injury to Company for which no adequate remedy at law may be available, and, notwithstanding any other requirement herein to arbitrate disputes, Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section without the necessity of showing actual or threatened harm, likelihood of success on the merits of the claims and without being required to furnish a bond or other security. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Company in connection with the enforcement of this Section, including payment of all expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Section.

D. For breach of the covenants in this Section 6, which are made in consideration of the specialized training and confidential information conveyed to Franchisee, and due to the difficulty of establishing the precise amount of damages for breach of these covenants, in addition to the other remedies provided for in this Agreement or otherwise available to Company, Franchisee and Franchisee's principals who committed such breach jointly and severally agree to pay Company the amount of One Thousand Five Hundred Dollars ($1,500) per day for each day the breach continues.[2] The parties agree that the foregoing amount is a reasonable estimation of the damages that would be incurred by Company for breach of the covenants provided for in this Section.

7. Fees, Payments and Deposits.

Franchisee shall pay to Company all fees, payments and deposits set forth in Schedule 3 attached hereto and required elsewhere in this Agreement (the remittance of each, a "Payment") in the amounts, at the time, and in the manner described in this Agreement or the Policies and Procedures or elsewhere in the Manuals. Each Payment to be made to Company must be made free and clear at the time, and in the manner, specified in this Agreement, without deduction or offset. TIME IS OF THE ESSENCE with respect to all Payments to be made. All unpaid obligations under this Agreement will bear interest from the date due until the date of receipt by Company, at one and one-half percent (1.5%) per month, or the maximum rate allowed by applicable law, whichever is less.

A. At Company's option, Company may withdraw funds from Franchisee's designated bank account by electronic funds transfer or comparable method in the amount of any Payment or any other amounts due hereunder to Company and for all subsequent payments due to Company, as further described in the Manuals or otherwise in writing. Franchisee shall at all times maintain in its designated bank account a minimum balance in the amount specified in the Manuals.

8. Standard of Conduct. Franchisee shall use its best efforts to develop a sales organization to sell and increase sales of, and to legitimately and ethically advertise, market, promote, distribute and sell Products to Approved Customers within the Area of Responsibility by means of in-the-home and in-person demonstrations or otherwise in accordance with the Manuals.

---

[2] This liquidated damages clause does not apply to franchises in the State of Minnesota or the State of North Dakota.

Such efforts shall always be conducted pursuant to the terms and conditions of this Agreement, shall comply with the Manuals, including the Policies and Procedures, and shall promote and demonstrate Company's standards of high quality and reputation. In connection with the foregoing, Franchisee shall be obligated, at a minimum, to:

A. Maintain the Approved Location in a condition acceptable to, and at standards established by, Company (including opening the Approved Location to the public and engaging Sales Representatives to schedule and perform product demonstrations and sales activities within the Area of Responsibility during the operating hours set forth by Company from time to time in the Manuals), which is adequate for reasonable inventory needs, equipped with communication devices (including personal computers) adequate for operating FOAS and receiving and sending communications from and to Company, is attractive, clean, orderly and sanitary, and has all of its fixtures and furnishings in good order and repair.

B. Purchase or lease, install and maintain at Franchisee's expense, all fixtures, furnishings, equipment (including electronic cash register or computer hardware and Software and Administration Systems and satellite communications systems), decor items, signs, and related items as Company may reasonably require from time to time in the Manuals or otherwise in writing; and shall refrain from installing or permitting to be installed, without Company's prior written consent, any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items not previously authorized by Company.

C. Identify Franchisee by the Approved Name as the owner of the Franchised Business, and as Company's franchisee, in conjunction with any use of the Marks, including without limitation, uses on invoices, order forms, receipts and contracts, and such other uses or circumstances, and in such manner, as Company may require. By way of example (and without limiting the general application of this provision), Franchisee shall identify itself as a "Franchisee" or "Independent Business Owner" and the Franchised Business as an "Independent Franchise" or "Independently Owned Business".

D. Designate and retain individuals to serve as the Operating Principal, General Manager, Sales Manager and, if Franchisee maintains a service and repair center at the Approved Location, Service Manager (which individual or individuals shall, during the entire period he or she serves in such capacity, satisfy all of the qualifications set forth by Company in the Manuals for service in such capacities); provided that, if Franchisee is an individual, Franchisee must perform all obligations of the Operating Principal and the General Manager. Upon approval of the Company, an individual Franchisee or the General Manager he appoints may also serve as the Sales Manager and/or Service Manager.

E. Obtain all Consigned Products and purchase all other Products from Company or Company's Affiliate, except in limited circumstances where Company may otherwise permit in writing.

F. Satisfy and achieve the Minimum Sales Requirements set forth in Schedule 4, attached hereto.

G. Comply with all provisions of the Manuals relating to the purchase and service of all Products, services, parts, supplies, materials, fixtures, furnishings, equipment (including electronic cash register or computer hardware and Software and Administration Systems) and other items used or offered for sale or service at the Franchised Business (including consumer financing services); provided that, except with respect to the Consigned Products and all spare parts which must be purchased from Company, and as otherwise provided herein, Franchisee must obtain such items from Company or from suppliers who Company has authorized in writing, and who Company has not thereafter rejected, prior to any purchases.

H. Provide prompt and workmanlike care and service, including service under any warranty offered by Company, to all Approved Customers who have purchased Products from Franchisee or through Franchisee's Sales Representatives or Outlet Licensees, to all other owners of Products residing within the Area of Responsibility or who may appear personally (or otherwise contact the Franchised Business) at the Approved Location, and to all owners of products (other than the Products) which may be designated from time to time by Company, whether or not the Products to be serviced were purchased from or through Franchisee, and in order to fully discharge and perform this obligation, Franchisee shall establish and maintain a service and repair center (in accordance with the Manuals) at the Approved Location, provided that, in limited circumstances, with the Company's prior approval, Franchisee may satisfy this obligation by entering into a contractual arrangement (approved by Company in all respects) with an existing owner of an Aerus Business to discharge and perform all the Franchisee's repair, maintenance, service and warranty obligations.

I. Fulfill or cause to be fulfilled any and all promises and commitments made to Approved Customers by Franchisee, and any of its Outlet Licensees, Sales Representatives, employees or agents.

J. Develop in the Area of Responsibility an organization of qualified Sales Representatives operating from or through the Approved Location who will and do follow the Policies and Procedures and guidelines of the Manuals and comply with the terms and conditions of this Agreement.

K. Recruit and train Sales Representatives to properly and effectively demonstrate, use, care for, install and sell the Products and to understand and follow the Policies and Procedures and other guidelines set forth in the Manuals.

L. Actively and diligently use the Customer Data and any information, data or relationship management software provided by Company to service and support existing customers, develop leads to potential customers and potential sales representative recruits and to promptly and accurately record information about all past and future sales, leads and customers in the Customer Data.

M. Fully comply with all of the provisions of the Manuals, including the Policies and Procedures, with all bulletins and other communications issued by Company from time to time and with all applicable federal, state and local laws, ordinances and regulations.

N. Fully cooperate with any announced or unannounced (1) visit to or inspection of the Franchised Business or the Approved Location, (2) audit of the books, records, information, materials, systems or data concerning the Franchised Business and (3) verification of Franchisee's compliance with the Manuals and System Standards.

O. Promptly investigate all complaints from consumer end-users of the Products sold by or through Franchisee or who appear personally at (or otherwise contact) the Approved Location for assistance and make good faith efforts to resolve all such complaints in a fair and equitable manner to the consumer end-users' satisfaction.

P. Timely and accurately maintain such books and records as may be required from time to time by Company in accordance with this Agreement and any applicable provisions of the Manuals, complete and transmit such forms and reports in physical or electronic format as may be required of Franchisee by Company from time to time, and record and manage all applicable data on or through FAST.

Q. Promptly complete, collect and remit to Company all warranty registration cards, if applicable, and the information contained thereon or gathered in connection therewith, with respect to sales by or through Franchisee, including sales by Sales Representatives.

R. Avoid selling at the Approved Location or otherwise through the Franchised Business any generic, non-genuine or unapproved substitute for any of the Products and prohibit the same by any Sales Representative, employee or agent of Franchisee or the Franchised Business.

S. Promptly report to Company any attempted improper sales or purchases of the Products, including without limitation sales by Franchisee or any of Franchisee's Sales Representatives to any consumer who is not an Approved Customer or any sales activity outside the Area of Responsibility.

T. Make all commercially reasonable efforts to advertise and promote the Franchised Business in the Area of Responsibility pursuant and subject to the provisions of the Manuals and this Agreement.

U. Cause any vehicle used in connection with the Franchised Business, including vehicles used by Sales Representatives to deliver Products to Approved Customers, to be clean and in good repair, to be properly insured and otherwise comply with the Manuals.

V. Cause, at Franchisee's expense, its Operating Principal, at a minimum, to attend all annual meetings or conventions (currently known as Main Event) and all regional or local meetings held by Company or its designee or representative; provided that, the Operating Principal shall not be required to attend more than two annual meetings or conventions and more than four (4) regional or local meetings in any calendar year.

W. Fully comply with all applicable laws affecting the Franchise Business or the Approved Location.

X. Timely pay all taxes due as a result of any aspect or operation of the Franchise Business or the existence or location of the Approved Location, including without limitation any

sales tax owing for the sale of any of the Products and upon request, provide evidence to Company of payment and satisfaction of all such obligations (not less than annually, Franchisee shall also provide Company with a current, valid reseller's certificate or other document to evidence Franchisee's commitment and obligation to pay sales tax.

Y. Participate at Franchisee's expense, together with Franchisee's Operating Principal and General Manager and all of Franchisee's other personnel that operate and manage the Franchised Business, including Sales Managers and Service Managers, in all training and education programs and motivational and incentive meetings offered by Company from time to time, which may be offered in-person, online, or in such other format as the Company may designate, at its option. Up to three (3) individuals who meet Company's standards and specifications may attend Company's in-person initial training program.

Z. Conduct sales and marketing activities within the Area of Responsibility in a manner such that no more than 10% of Franchisee's Gross Sales in any calendar quarter are attributed to sales made to persons or entities who reside or are located outside of the Area of Responsibility

AA. Comply with any other obligations set forth in this Agreement, the Manuals (including the Policies and Procedures) or any other agreement between Franchisee and Company or any of Company's Affiliates.

9. Contests and Company Services. Company may, at its option from time to time, create and administer contests, trips and programs for the benefit of Sales Representatives, provided that Company shall not be obligated to offer or maintain such contests, trips, incentives or programs and shall have sole discretion over the quantity, nature, qualifications and administration of such contests, trips, incentives or programs. As consideration for Company's services, Franchisee shall reimburse Company an amount equal to 50% of Company's actual cost of providing, maintaining and administering such trips, contests, incentives and programs for Sales Representatives affiliated with the Franchised Business (or such other amounts as Company may from time to time assess in connection with creating and administering such trips, contests, incentives, or other promotional programs). Such reimbursements shall be payable upon receipt of an invoice from Company.

10. Consigned Products.

A. With respect to the Consigned Products, this Agreement is intended to be a true consignment and Company or its Affiliate will retain full legal and equitable title to the Consigned Products at all times prior to their sale to end-users; provided that, immediately prior to consummation of a sale to a consumer, there shall occur a sales transaction between Company or its Affiliates and Franchisee. Company's rights in and to the Consigned Products will be first and prior to all of Franchisee's creditors under all circumstances. If the consignment arrangement provided herein does not qualify as a true consignment or is otherwise deemed to be a consignment intended for security, Franchisee hereby grants to Company a continuing security interest in all now owned or hereafter acquired Consigned Products and the proceeds thereof. Franchisee, concurrently with the execution hereof, will execute a consigned products security agreement in a form substantially similar to the form attached hereto as Exhibit III and such other agreements and

instruments as may be reasonably requested by Company in order to secure and perfect such continuing security interest. Franchisee will not hold, or at any time seek to hold, any direct or indirect equity interest in the Consigned Products, nor will Franchisee permit any third party to obtain, or grant to any third party, any direct or indirect equity interest, including any pledge, lien, or other encumbrance, in the Consigned Products without Company's prior written approval. Franchisee will at all times ensure that the Consigned Products are maintained at a secure site on the premises of the Franchised Business which is not accessible to the public, until such time as the Consigned Products are delivered to customers in accordance with the terms of the Manuals; provided, however, that Franchisee may remove from the premises of the Franchised Business such supply of Consigned Products as needed for sales demonstrations, in such quantity and manner as Company will specify in the Manuals or otherwise in writing. Franchisee shall return to Company all Consigned Products immediately upon request.

B. The Consigned Products may be sold only in accordance with, and upon, such sales contracts as Company may designate from time to time in the Manuals or otherwise in writing, and only at such retail prices as Company may from time to time designate in the Manuals or otherwise in writing. Franchisee shall not modify or otherwise alter the terms of such sales contracts without Company's prior written consent, including offering any warranty, rebate or discount other than such as may be permitted or designate by Company in the Manuals or otherwise.

C. Upon completion of a sale of any Product, Franchisee shall immediately remit to Company not less than the Standard Allocation for all Consigned Products sold by or through the Franchised Business during each time period designated by Company in the Manuals or otherwise in writing. If Franchisee returns any Consigned Products to Company in accordance with the Manuals, Franchisee shall remit a Restocking Fee as necessary.

D. Prior to the opening of the Franchised Business, Franchisee shall make an initial order of Consigned Products for an initial inventory and shall post with Company the appropriate Security Deposit. Franchisee may order additional Consigned Products, in its discretion in a manner described in the Manuals; provided that Franchisee may be required to increase the amount of the Security Deposit in accordance with applicable provisions of Schedule 3, attached hereto. Company need not replenish such inventory, or provide any other goods to Franchisee under this Agreement during any time in which Franchisee is delinquent in any payment to Company or any of Company's Affiliates, is in breach of this Agreement or does not have on deposit with Company a sufficient Security Deposit to support the order requested. Franchisee must promptly pay all shipping and handling charges incurred in connection with the above. Franchisee shall at all times maintain such inventory levels as may be designated in the Manuals. Company may offset against the Security Deposit at any time during the Term or following termination or expiration of this Agreement all monies owing from Franchisee to Company or Company's Affiliates and immediately upon Franchisee's receipt of notice of such offset during the Term, Franchisee shall replenish the Security Deposit by an amount equal to such offset. Company need not maintain the Security Deposit in a separate account, and Company may co-mingle the Security Deposit with any of Company's accounts or funds. Franchisee will not be entitled to any interest on the Security Deposit. In addition to the foregoing, Franchisee shall from time to time during the term of this Agreement, at Company's request, pay to Company as an increase to the Security Deposit, an amount equal to the Standard Allocation of all Consigned Products which remain in Franchisee's

inventory for ninety (90) days or longer. Company will refund such increases to the Security Deposit within thirty (30) days after Franchisee provides evidence satisfactory to Company confirming the sale of such Consigned Products in accordance with the terms of this Agreement.

E. Franchisee understands and acknowledges that Company provides certain warranties which vary with respect to the Consigned Products and run directly to the benefit of the consumer who purchases a Consigned Product from or through any authorized distribution channel, including sales by or through the Franchised Business pursuant to this Agreement (the "Company Consumer Warranty"). Neither Franchisee, nor any of its Sales Representatives, may represent or suggest that Company has or will provide any warranty, express or implied, other than the warranty actually provided by Company. Franchisee may not extend the Company Consumer Warranty or provide or offer additional warranties above and beyond the Company Consumer Warranty. As part of the service requirement described herein, Franchisee shall honor and provide service in connection with any Company Consumer Warranty. If Franchisee does not maintain a service and repair center at the Approved Location, this requirement must be discharged and performed through a contractual arrangement with an existing owner of an Aerus Business approved by Company.

11. Advertising, Marketing, Promotion; Use of the Internet.

A. All advertising or marketing to be undertaken by Franchisee shall comply with Company's standards, specifications and procedures as specifically described herein and in the Manuals. Franchisee shall submit a sample of each type of advertising material to Company for Company's approval prior to use. Franchisee may not use any advertising material, unless such material has been approved in writing by Company and has not subsequently been disapproved by Company. Franchisee shall immediately discontinue the use of any advertising materials which Company subsequently disapproves. No advertising, marketing or promotions material may be placed outside the Area of Responsibility, and Franchisee shall not place or otherwise conduct any national or international advertising of any kind.

B. Franchisee shall install and, at all times during the term of this Agreement, maintain an outdoor sign in a prominent location in accordance with Company's sign specifications in effect from time to time, or as approved, in writing, by Company, unless prohibited from doing so by applicable laws and regulations.

C. Franchisee shall advertise, at all times in the manner designated by Company from time to time in the Manuals or otherwise in writing, using formats or templates approved in advance by Company. Company shall have the right to require that all such advertising be placed by Company or a third party designated by Company in accordance with such procedures as Company may designate in the Manuals or otherwise in writing, and at Franchisee's expense. Company shall have the right to designate the size, form and content of such advertising and that Franchisee utilize a listing which identifies other Aerus Businesses in addition to its own.

D. Franchisee shall, in addition to the other requirements of this Section, expend each year the Minimum Local Advertising Expense on local advertising, public relations, and promotion in the Area of Responsibility. At the request of Company, Franchisee shall furnish, to

Company, an accurate accounting of Franchisee's expenditure on local advertising, public relations, and promotion, in form and content satisfactory to Company.

E. Company also reserves the right to assess the Franchisee for contributions to the System Media Fund. The System Media Fund shall be designed to facilitate media market spending that benefits the System. The System Media Fund shall be organized for the purposes of, and all contributions thereto and any earnings thereon shall be used exclusively to meet the costs for maintaining, directing, preparing and conducting media campaigns, regional and national advertising for the benefit of the System. The System Media Fund can be implemented on a national, local or regional basis. Upon establishment of the System Media Fund by Company, Franchisee's obligations shall be as set forth in Addendum B, attached hereto.

F. Company may establish from time to time a company website or websites. Company may, at its sole option, from time to time, without prior notice to Franchisee: (1) change, revise or eliminate the design, content and functionality of such website; (2) make operational changes to such website; (3) change or modify the URL and/or domain name of such website; (4) substitute, modify or rearrange such website. Company may, at its option, use such website to engage in any form of Electronic Commerce.

G. In all events, and without limiting or modifying any other provision of this Agreement, any advertising or marketing undertaken by Franchisee shall properly incorporate the Marks and shall fully comply with any specifications, requirements, or limitations promulgated in this Agreement, the Manuals, or otherwise by Company concerning use of the Marks. Franchisee shall not use, nor authorize any third party to use, the Marks to advertise, promote, offer or sell by, over or through the Internet any goods or services which are the same as or similar to those (i) offered at or from the Franchised Business, (ii) which bear the Marks, or (iii) which are otherwise offered or sold under the Marks. Notwithstanding the foregoing, Company may, from time to time, at its sole option, establish a Franchisee webpage and link such webpage to any Company website. Company may permit Franchisee to customize or post certain information to such Franchisee webpage, subject to Franchisee's compliance with the procedures and policies governing such activity that Company may establish from time to time. Company may require Franchisee to pay a reasonable fee (not to exceed Fifty Dollars ($50.00) each month) for the privilege of having such Franchisee webpage. Under no circumstance shall Franchisee make any public statement (whether verbally or in writing or by use of any electronic medium, including, without limitation, email, Internet post, web log, website or otherwise) which actually or by implication is in any way derogatory, defamatory or otherwise disparaging of the Franchised Business or Aerus Businesses generally or of Company, any of Companies Affiliates or any of their officers, directors, members, shareholders, employees or agents.

H. Company may, at its option, establish and maintain an Intranet through which franchisees of Company may communicate with each other, and through which Company and Franchisee may communicate with each other and through which Company may disseminate the Manuals, updates thereto and other Confidential Information. Company shall have sole discretion and control over all aspects of the Intranet, including the content and functionality thereof. Company will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to Franchisee. If Company establishes an Intranet, Franchisee shall have the privilege to use the Intranet, subject to Franchisee's strict compliance with the Policies and

Procedures that Company may establish from time to time. Franchisee acknowledges that, as administrator of the Intranet, Company can technically access and view any communication that is posted on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Company's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

12. Insurance. Franchisee shall, at its expense, procure upon execution of this Agreement, and shall maintain in full force and effect at all times during the Term, an insurance policy or policies protecting Company and Franchisee and each party's respective permitted successors and assigns, officers, members, directors, shareholders, partners, agents, representatives, independent contractors, employees and lenders against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business. Such policy or policies (1) shall be written by a responsible carrier or carriers reasonably acceptable to Company (*e.g.*, having been assigned an "A" rating or its equivalent by a recognized insurance rating service) who are duly licensed by the appropriate governmental authorities, (2) shall name Company and such of Company's Affiliates as may be required from time to time, as an additional insureds, (3) shall include, at a minimum, such coverages with such limits as shall be set forth from time to time in the Manuals, and (4) shall require or provide for notice of any cancellation or non-renewal to be given to Company at least thirty (30) days in advance of such occurrence. Franchisee shall submit to Company, or its designee, all certificates of insurance (including a copy of the original policy), insurance policy endorsements (including a copy of the original policy), notices of cancellation endorsement, and such other evidence as Company may prescribe to confirm that all required insurance coverage is in effect.

13. Books and Records; Audit Rights.

A. Franchisee shall maintain during the Term, and preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, as Company may from time to time designate in the Manuals or otherwise in writing. Such books and records must be prepared using FAST or any successor program or module or the like upon such fiscal year and fiscal months as Company may from time to time designate in the Manuals or otherwise in writing. In addition to the forgoing, Franchisee shall submit to Company the following reports and records: (1) a monthly profit and loss statement, in the form prescribed by Company (which may be unaudited, but certified by Franchisee as true and correct) for the Franchised Business within fifteen days after the end of each month during the Term; (2) annual financial statements (including, at a minimum, balance sheet and income statement), certified by Franchisee and Franchisee's accountant (if any) as true and correct; and (3) such other forms, reports, records, information and data as Company may reasonably request, in the form and at the times and places Company may reasonably require. To the extent FOAS includes any module for managing the books and records of the Franchised Business or preparing financial statements for the Franchised Business (*e.g.*, FAST), Franchisee shall utilize such module for purposes of complying with this Section. Franchisee shall maintain in its records for at least seven (7) years all original sales and service contracts for all sales made and services rendered at any Approved Location or otherwise by the Franchised Business and submit such contracts to Company upon request or termination of this Agreement. Company reserves the right to require all information concerning the Franchised Business to be kept and maintained on a computer to which Company

has full access and further reserves the right to access, review, evaluate and incorporate into Company's own systems all such information.

B. All reports required herein shall be transmitted by such method as Company may reasonably direct. Company or Company's designees shall have the right at all reasonable times to review, audit, examine and copy any or all of Franchisee's books and records. Franchisee shall make such books and records available to Company or its designees immediately upon request. If any required payments are delinquent, or if an inspection should reveal that such payments have been understated in any report or submission to Company, then Franchisee shall immediately pay to Company the amount overdue or understated upon demand with interest from the due date of such payment or report or submission date of such understatement at a rate of 18% per year or the highest amount allowed under applicable law. If an inspection discloses an understatement in any report or submission of payments of two percent (2%) or more, or Gross Sales of five percent (5%) or more, or if the audit reveals any other breach or violation of this Agreement, Franchisee shall, in addition to any other rights and remedies available to Company, reimburse Company for all expenses connected with the inspection (including, without limitation, travel expenses and Company's accounting and attorneys' fees, if any).

14. Representations and Warranties.

A. Franchisee shall use its best efforts to operate the Franchised Business so as to achieve optimum sales in accordance with this Agreement.

B. If a business entity:

(1) Franchisee is duly organized and validly existing under the law of the jurisdiction of its formation and is duly qualified and authorized to do business in each jurisdiction in which the Franchised Business will operate;

(2) Franchisee's charter documents currently provide and will at all future times provide that Franchisee's activities shall be confined exclusively to the ownership and operation of an Aerus Business, unless Company otherwise consents in writing;

(3) Franchisee has provided to Company for review certified copies of its articles of organization or other charter documents, any amendments thereto, resolutions of its Board of Directors or Board of Managers, or consent of its limited partners, authorizing and consenting to entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of equity of the entity, and any other documents as Company may reasonably require prior to the execution of this Agreement;

(4) The individual executing this Agreement is duly authorized to so execute, has appropriate authority to bind Franchisee as provided hereunder, and is an active, full-time participant in the daily operations of the Franchised Business; and

(5) Franchisee's execution of this Agreement, and entry into the business arrangement contemplated hereby, do not violate any prior existing obligation, any law or any of the contractual or business relationship of Franchisee or any of Franchisee's principals.

15. Termination.[3]

A. This Agreement shall automatically terminate upon the expiration of its Term.

B. This Agreement may be terminated prior to the natural expiration of the Term upon the occurrence of any of the following events (which are each deemed material breaches or defaults of this Agreement):

(1) By Company immediately upon written notice to Franchisee, if: (a) Franchisee violates the license granted hereunder with respect to the Marks, the Software and Administration Systems, or the Customer Data, fails to satisfy any policy or procedure adopted by Company concerning the Marks, the Software and Administration Systems, or the Customer Data, or otherwise infringes Company's rights in or to the Marks, the Software and Administration Systems, or the Customer Data; (b) without Company's prior written approval, 10% of Franchisee's Gross Sales in any calendar quarter are attributed to sales made to persons or entities who reside or are located outside of the Area of Responsibility; (c) Franchisee sells any Product to any person or entity other than an Approved Customer; (d) Franchisee violates any obligation of confidentiality or non-disclosure provided for hereunder; (e) Franchisee or any principal of Franchisee attempts a Transfer in violation of this Agreement; (f) any heir or personal representative of Franchisee fails to Transfer the Franchised Business in accordance with Addendum C to this Agreement; (g) Franchisee violates any law, regulation, or ordinance, the violation of which affects this Agreement or the purposes hereunder; (h) Franchisee, or any of its principals or guarantors, is convicted of any felony or misdemeanor involving moral turpitude; (i) Franchisee or any of its Sales Representatives, employees, agents or representatives, makes any material misrepresentations or misstatements to, about or concerning Company or the Products; (j) Franchisee or any of its Sales Representatives, employees, agents or representatives, engages in any conduct that reflects materially and unfavorably upon the operation and reputation of Company or the Products; (k) Franchisee shall cease to do business; (l) Franchisee or any guarantor becomes insolvent; (m) any provisions of this Agreement concerning the protection of the Marks is determined in any manner to be null, void or unenforceable; (n) Franchisee fails, refuses or neglects to pay any monies owing to Company or Company's Affiliates when due under this Agreement or any other agreement or to submit to Company the financial or other information required by Company hereunder and does not cure such failure, refusal or neglect within five (5) business days following notice from Company; (o) if Franchisee or any of Franchisee's Sale Representatives violates or breaches any other provision of this Agreement or fails to satisfy any other of its non-monetary obligations hereunder, including but not limited to the Standards of Conduct set forth herein, and does not cure such violation, breach or failure within fifteen (15) days after receiving notification from Company of such violation, breach or failure; (p) Franchisee fails to meet the Minimum Sales Requirements for two (2) consecutive calendar quarters; (q) Franchisee or any of Franchisee's Sales Representatives, employees, agents or representatives is found to have offered, promoted, advertised or sold any Product by, through or on the Internet (except for any Company-created, Company-sponsored or Company-approved webpage);

[3] Any claims arising under the Maryland Franchise Rights and Disclosure Law must be brought within three (3) years after the grant of the franchise. With respect to franchises governed by Minnesota law, Company will comply with Minn. Stat. Section 80C, Subds. 3, 4, and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of this Agreement.

(r) Franchisee violates the advertising or promotion provisions of this Agreement; (s) Franchisee commits three (3) violations or breaches of this Agreement for which a specific cure period is provided in this Section (and for which Franchisee has in fact cured, in each instance, within the applicable cure period) within any twelve (12) month period (no further opportunities to cure shall apply in this case); (t) Franchisee is declared to be in default under any material contract, agreement, or instrument to which Franchisee is a party with Company or its affiliates or assigns, and such default shall continue beyond any applicable cure period; or (u) Franchisee or any of your Sales Representatives, Outlet Licensees, employees, agents or representatives sell or attempt to sell or market any Beyond Product.

(2) Automatically, without action by either party, in the event (a) Franchisee is dissolved or terminated, or there occurs any change in the ownership or control of the Franchisee, whether voluntary or by operation of law, except as may be permitted herein or unless Company has otherwise approved such a change in advance in writing, (b) Franchisee or any guarantor commences or is the subject of a petition filed in a court of competent jurisdiction seeking relief with respect to Franchisee under the United States Bankruptcy Code, or any other United States federal or state bankruptcy, receivership or similar law; (c) Franchisee or any guarantor has appointed a receiver, trustee, conservator or a similar official; or (d) Franchisee or any guarantor makes a general assignment for the benefit its creditors.

C. Termination, non-renewal or expiration of this Agreement shall not operate as a cancellation of any indebtedness owing to Company or Company's Affiliates by Franchisee at the time of such termination. Company's failure in any instance to invoke a right to terminate shall not waive or otherwise limit its ability or right to properly terminate this Agreement thereafter. Termination of this Agreement shall automatically terminate any and all licenses and agreements made by Franchisee with Sales Representatives.

D. Without limiting or restricting Company's right to terminate this Agreement at any time as provided herein, Company may implement a system of enforcement of the terms and provisions of this Agreement (including without limitation announced or unannounced compliance audits and "secret shopper" practices), which system may result in deferral of termination under certain circumstances and include any one or more of the following: (1) the imposition of fines or penalties associated with certain violations or breaches; (2) in the case of a royalty, impose a minimum or fixed amount to be paid in place of or in addition to the amount provided in Schedule 3 attached hereto; or (3) in the case of sales of the Products, impose the Minimum Sales Requirement set forth in Schedule 4 attached hereto. The existence, substance and process of any such system would be the sole and exclusive discretion of Company and may be implemented, revoked or modified (upon reasonable notice to Franchisee) at any time and from time to time.

E. Upon expiration or termination of this Agreement, Franchisee and Franchisee's principals shall:

(1) Immediately cease operation of the Franchised Business and any use of the Marks, Software and Administration Systems or the Customer Data for any reason or purpose; promptly remove all signs, markings, or other writings and, immediately discontinue all advertising or publicity, that tend to indicate that Franchisee is a franchisee of Company or seller of Products; and immediately discontinue all advertising or publicity and take all actions necessary to comply

with the foregoing, including instructing all publishers of any telephone directory or listing not to renew, repeat or insert any listing or advertisement using the word “Aerus”, “Lux” or “Electrolux” or any other term or identifier associating Franchisee with Company.

(2) Send written notice to all Sales Representatives with whom Franchisee has been dealing that any license granted to or agreement made with such is terminated, and that such Sales Representatives must also take all other steps herein required of Franchisee under this Section.

(3) Cooperate with Company in perfecting an assignment of all telephone numbers used at the Approved Location in connection with the sales of Products hereunder or otherwise known or identified as numbers associated with Company, the Products or the Marks to and into the name of Company or its nominee, taking all action necessary to effect the intent of the foregoing.

(4) Immediately cause the cancellation or termination of any assumed name filings for the Approved Name or otherwise including the name “Aerus”, “Lux” or “Electrolux” or any of the Marks.

(5) Immediately return to Company and Company’s Affiliates all items of personal property that are then owned by Company or Company’s Affiliates, including Consigned Products and any equipment and supplies to which Company or Company’s Affiliates hold title.

(6) Promptly pay all sums owing to Company, Company’s Affiliates, lessors and other trade creditors.

(7) Immediately deliver to Company all information (including Customer Data in physical or electronic formats) and databases described herein, and all other Confidential Information (including the Manuals) and all agreements, invoices, and any and all other materials relating to the operation of the Franchised Business in Franchisee’s possession or control (including any such information or materials in the possession of any Sales Representative), and all copies thereof.

(8) Comply with the non-competition covenants and the restrictions on Confidential Information contained herein.

F. Upon expiration or termination of this Agreement, Franchisee shall do any one or more of the following, at Company’s option:

(1) If Franchisee operates the Franchised Business premises under a lease with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, assign to Company any interest which Franchisee has in any lease or sublease for the Approved Location or any equipment related to the Franchised Business.

(2) If Franchisee, or any Affiliate of Franchisee, owns the Approved Location, sell or lease at market rents to Company the Franchisee’s business premises including any building thereon, if applicable, for the fair market value of the land and building.

(3) Sell and assign to Company any furnishings, equipment, signs, fixtures, vehicles, supplies and inventory in Franchisee's possession at the time of expiration or termination, at Franchisee's cost or fair market value, calculated in accordance with the appraisal process set forth in the Manuals, whichever is less.

(4) Sell to Company all or substantially all of any other tangible assets of the Franchised Business at Franchisee's cost or the fair market value, calculated in accordance with the appraisal process set forth in the Manuals, whichever is less.

(5) Assign and release to Company the telephone numbers used at the Approved Location.

G. Time is of the essence for all purposes of this Section. To that end, in order to preserve customer care and minimize disruption of the Franchised Business, Company shall be permitted, at its option, immediately upon terminating this Agreement, to assume control of the Approved Location and to assume operating control of the Franchised Business. Franchisee shall cooperate fully with this process and shall surrender control of the Approved Location and Franchised Business to Company pending completion of an audit and settlement of matters between Company and Franchisee in accordance with the terms of this Agreement. In complying with this provision, Franchisee shall not give up any right afforded it hereunder and may have access to, and be present for, any audit to determine inventory levels, asset appraisals, and other compliance issues.

H. Notwithstanding any forms and documents which may have been executed by Company hereunder, Franchisee hereby appoints Company its true and lawful agent and attorney-in-fact with full power and authority for the sole purpose of taking such action as is necessary to assume control and possession of the Approved Location and the Franchised Business, to complete all necessary assignments and to otherwise act in Franchisee's stead with respect to satisfying its obligations under this Section and must execute an Appointment of Agent and Power of Attorney in the form attached hereto as Attachment C hereof for such purpose. This appointment of agent and power of attorney will survive the expiration or termination of this Agreement. Franchisee will thereafter use different telephone numbers, domain names, advertisements, marketing materials and websites at or in connection with any subsequent business conducted by Franchisee.

I. Not later than 120 days after the termination or expiration of this Agreement, Company shall settle all matters concerning termination of this Agreement and transfer of the Franchised Business (if applicable) and shall return to Franchisee the Security Deposit, less all offsets, if any, that have been applied thereto.

J. Franchisee shall reimburse Company for all costs, attorneys' fees and/or other expenses incurred by Company in connection with the enforcement of the provisions under this Section in connection with a breach or violation of this Agreement by Franchisee; provided,

however, that the remedies set forth herein shall be cumulative and in addition to all other remedies available to Company at law or in equity.[4]

K. In the event of a breach of this Agreement by Company that is not cured by Company within 30 days following written notice from Franchisee (or such longer period as may be reasonable if the necessary cure is not capable of being completed within 30 days), Franchisee's sole and exclusive remedy shall be to terminate this Agreement upon written notice to Company. In no event shall Company be liable or responsible for any exemplary, indirect, consequential or other damages for any reason hereunder, and in no event shall damages payable by Company exceed the aggregate Standard Allocation paid by Franchisee to Company during the six (6) month period preceding the termination of this Agreement.[5]

16. Governing Law and Dispute Resolution.[6] Subject to Company's rights under federal trademark laws, all claims arising out of or relating to this Agreement and/or the parties' relationship will be governed by, and will be interpreted in accordance with, the substantive laws of the State of Texas, excluding choice of law principals and irrespective of any conflict of laws. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

Except as may be otherwise provided hereunder in the case of actions for injunctive relief by Company or Company's Affiliates, the parties agree that all disputes, controversies or claims that may directly or indirectly arise among them (including their agents and employees), out of or relating to this Agreement and/or the Franchised Business, shall be submitted to, and determined by, binding arbitration. **Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action, and Franchisee waives any and all rights to proceed on a consolidated, common, or class basis.** Such arbitration shall be conducted before a single arbitrator in Dallas, Texas pursuant to the Commercial Arbitration Rules then in effect of the American Arbitration Association. The arbitrator shall be an independent third party arbitrator selected by Company. The fees of the arbitration initially shall be paid one-half by Company and one-half by Franchisee; provided, however, that the prevailing party in any such arbitration shall be entitled to recover its reasonable attorneys' fees, costs and expenses (and any interest) incurred in connection with the arbitration. Company shall not be liable to Franchisee or any of Franchisee's principals for any such dispute, controversy or claim in an aggregate amount greater

---

[4] For Franchised Businesses in North Dakota, any cost and expense incurred by Company in connection with enforcing this Agreement, shall be borne by the prevailing party of such enforcement action.

[5] For Franchised Businesses in North Dakota, the waiver of Franchisee's rights to any exemplary, indirect, consequential or other damages is hereby deleted.

[6] This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable. For Franchised Business in the State of North Dakota: (a) arbitration shall be conducted at a place mutually agreeable to both Franchisee and Company; (b) this Agreement will be interpreted, construed and enforced under the laws of North Dakota and (c) the provision in this Section waiving Franchisee's rights to a trial by jury is hereby deleted.

than the total Standard Allocation collected from the Franchised Business during the six (6) month period immediately preceding the submittal of such dispute, controversy or claim to arbitration. Any award pursuant to such arbitration shall be final and binding upon the parties, with the following exception: if an arbitration award having a monetary value of $100,000 or more is rendered against a party, that party (and not the party in whose favor the award was granted) may vacate such award by submitting a motion to vacate the award in any federal or state court having appropriate jurisdiction. Upon submission, the award shall be vacated, and the matter decided in the court of submission with the standard of review being *de novo*. An award may be enforced by any federal or state court sitting in any court having jurisdiction. The obligations set forth in this Section shall survive the termination of this Agreement. **EXCEPT AS OTHERWISE PROVIDED HEREUNDER, COMPANY AND FRANCHISEE EACH KNOWINGLY AND VOLUNTARILY GIVE UP ANY RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE, CLAIM OR CONTROVERSY WHICH MAY ARISE BETWEEN THEM.**[7]

17. Indemnification. Franchisee and each of Franchisee's principals, jointly and severally, indemnify and shall defend with counsel of Company's choosing, and hold harmless Company, Company's Affiliates, each of their successors and assigns, and any of their respective officers, directors, members, managers, partners, shareholders, employees, agents, representatives and independent contractors from and against any and all damages, losses, claims for loss, expense or liability, including reasonable attorneys' fees and costs, arising out of or in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or settlement thereof, which arises out of (A) acts or omissions done or allegedly done by Franchisee or Franchisee's Sales Representatives, or any of their employees, agents or representatives, (B) action or inaction under or related to this Agreement by Franchisee or any Sales Representative of Franchisee or any of their employees, agents or representatives, (C) any violations of the law or any allegedly negligent omissions by Franchisee or Sales Representative of Franchisee or any of their employees, agents or representatives, or (D) the relationship between Company and Franchisee. The terms of this Section will survive the termination, expiration or transfer of this Agreement or any interest herein.

18. Confidentiality.

A. In connection with this Agreement, Company has and may hereafter furnish to Franchisee certain Confidential Information. Furthermore, Franchisee, in connection herewith, may develop certain information that constitutes Confidential Information. Franchisee shall keep secret and retain in strictest confidence, and shall not use except in connection with the operation of the Franchised Business in accordance with this Agreement, all Confidential Information. Franchisee shall not disclose either during or after the Term of this Agreement, except as may be

[7] For all franchises in the State of Illinois, the forum for all court litigation shall be Cook County, Illinois and Illinois law shall govern the interpretation, construction, and enforcement of this Agreement (regardless of any choice of law rules). Notwithstanding the foregoing, the forum for all arbitration proceedings shall be in Dallas, Texas. For all franchises in the State of Minnesota, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit Company from requiring litigation to be conducted outside Minnesota. In addition, nothing contained in this Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the Minnesota.

required by law, any Confidential Information to anyone other than those employees, agents and representatives of Franchisee (each of whom shall be bound as well by the provisions of this Section and for whom Franchisee shall be liable for any violations) which require such information in order to fulfill the requirements of their employment, agency or representation. Upon expiration or termination of this Agreement, all Confidential Information shall be promptly transmitted by Franchisee to Company or disposed of as instructed by Company in writing.

B. If Franchisee develops any new concept, product, process or improvement in the operation or promotion of the Franchised Business (including, without limitation, computer software enhancements; sales, lead generation, recruiting or training techniques; or advertising and marketing materials), Franchisee is required to promptly notify Company and provide Company with all necessary related information, without compensation.

Franchisee acknowledges that any such concept, process or improvement will become the property of Company and constitute Confidential Information, and Company may use or disclose such information in its discretion, including to other franchisees or developers.

C. This Section 19 shall survive the expiration or termination of this Agreement. No claim Franchisee may have against Company, whether or not arising from this Agreement, shall constitute a defense to the enforcement by Company of the covenants provided for in this Section. Franchisee acknowledges that a violation of the terms of this Section would result in irreparable injury to Company for which no adequate remedy at law may be available, and, notwithstanding any general requirement to arbitrate disputes, Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section without the necessity of showing actual or threatened harm, likelihood of success on the merits of the claims and without being required to furnish a bond or other security. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Company in connection with the enforcement of this Section 19, including payment of all expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Section.

D. For breach of the covenants in this Section 19, which are made in consideration of the specialized training and Confidential Information described above, and due to the difficulty of establishing the precise amount of damages for breach of these covenants, in addition to the other remedies provided for in this Agreement or otherwise available to Company, Franchisee and Franchisee's principals who committed such breach jointly and severally agree to pay Company the amount of Five Thousand Dollars ($5,000) per occurrence.[8] The parties agree that the foregoing amount is a reasonable estimation of the damages that would be incurred by Company for breach of the covenants provided for in this Section.

19. Assignment. Franchisee shall not directly or indirectly Transfer or assign, nor attempt to Transfer or assign, this Agreement, or any right or obligation hereunder, without the prior written consent of Company; provided, that a principal or equity holder in Franchisee may be permitted to transfer an interest in Franchisee pursuant to the provisions set forth in Addendum C attached hereto. Company shall be permitted to assign this Agreement at any time and from time to time; provided, however, no such assignment will be made by Company except

[8] This liquidated damages clause does not apply to franchises in the State of Minnesota or the State of North Dakota.

to an assignee who, in Company's good faith judgment, is willing and able to assume Company's obligations under this Agreement.

20. Notice. All notices required hereunder shall be in writing and shall be deemed sufficiently given for all purposes hereunder if (A) delivered personally or by United States certified mail, return receipt requested, (B) sent by documented, overnight delivery service, or, (C) to the extent receipt is confirmed, telecopy, facsimile or other electronic transmission service to the appropriate address or facsimile number set forth below:

Notices to Franchisee shall be addressed to the Franchisee at the address set forth in Schedule 1, attached hereto.

Notices to Company shall be addressed to:

Aerus Franchising, LLC
14841 Dallas Parkway, Suite 500
Dallas, Texas 75254 Attention:
President Facsimile No.: 214-378-4075

With copy by the same means to:

Aerus LLC
14841 Dallas Parkway, Suite 500
Dallas, Texas 75254 Attention:
Legal Department Facsimile No.:
214-378-4076

Or at such other address and to the attention of such other person as either party may designated by written notice to the other in accordance with this Section. Notice shall be deemed given upon receipt in the case of personal delivery and facsimile or electronic transmission, one day after deposit with an overnight courier and four (4) days after deposited in the United States mail system.

21. Miscellaneous.

A. This Agreement, together with the Manuals (as modified, altered, amended and supplemented from time to time) constitutes the entire Agreement and understanding of the parties and supersedes any and all previous discussions, negotiations, representations, understandings, undertakings and agreements (including previous Franchise Agreements or licenses) between Company and Franchisee, all of which are hereby deemed integrated herein, none of which may be used to vary, interpret or construe this Agreement, which constitutes the sole and entire contract between Franchisee and Company. No change, amendment or modification of this Agreement, or waiver of any of its provisions, shall be effective unless made in writing and signed by both parties. For purposes of the foregoing, only Company's Chairman, President, Chief Executive Officer and Chief Operating Officer shall have the authority to act for Company. Nothing in this Agreement is intended to disclaim the express representations made by the Company in the Franchise Disclosure Document.

B. The failure of either party at any time to require performance by the other of any provision of this Agreement shall in no way affect the full right to require such performance at any time thereafter, nor shall the waiver by either party of a breach of any provision of this Agreement constitute a waiver of any succeeding breach of the same or any other such provision nor constitute a waiver of the provision itself.

C. The section headings of this Agreement are for purposes of reference only and shall not be referred to in interpreting its provisions. Except as expressly provided to the contrary herein, each portion of this Agreement will be considered severable; and if, for any reason, any portion is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this will not affect the other portions of this Agreement that may remain otherwise intelligible. Any reference herein to a "person" hereunder shall mean a "person" or "entity" as the context requires. Any pronoun used herein is for reference only and may refer to the male, female or neutral as the context requires.

D. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person other than Franchisee, Company, Company's Affiliates and officers, directors and personnel of Company and Company's Affiliates and all successors and assigns thereof, any rights or remedies under or as a result of this Agreement.

E. Without limiting the obligations individually undertaken by Franchisee's principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee in this Agreement will be deemed, jointly and severally, undertaken by all of Franchisee's principals.

F. Neither party shall be liable to the other party or any other person for any failure or delay in the performance of any obligations under this Agreement due to events beyond its reasonable control, including, but not limited to, fire, storm, flood, earthquake, explosion, accident, acts of the public enemy, sabotage, strikes, lockouts, labor disputes, work stoppages, transportation embargoes or delays, failure or shortage of materials, supplies or machinery, acts of God, epidemics, pandemics, public health emergencies acts or regulations or priorities of the federal, state or local government or/and agencies thereof. If any such event occurs, the time for performance hereunder shall be appropriately extended.

G. This Agreement does not create a fiduciary relationship between the parties. Franchisee is, and will at all times be, an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, Affiliate, joint venturer, partner, employee, joint employer or servant of the other for any purpose. Company is not, and nothing in this Agreement or the Manuals is intended to make, Company the employer or joint- employer of Franchisee's employees. Except as expressly contained herein, nothing in this Agreement authorizes Franchisee, or any of Franchisee's principals to make any contract, agreement, warranty or representation on behalf of Company, or to incur any debt or other obligation in Company's name.

H. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and together shall constitute one and the same instrument.

I. The following schedules, attachments and exhibits have been appended to this Agreement and are hereby incorporated by this reference for all purposes:

Addendum A – Defined Terms and Phrases
Addendum B – System Media Fund Details
Addendum C – Transfer of Interest
Schedule 1 – Specifications of the Franchised Business
Schedule 2 – Ownership Interests in Franchisee
Schedule 3 – Fees and Deposits
Schedule 4 – Minimum Sales Requirement
Attachment A – Principal Guaranty
Attachment B – Electronic Funds Transfer Authorization
Attachment C – Appointment of Agent and Power of Attorney
Exhibit I – Lease Rider
Exhibit II – Software License Agreement
Exhibit III – Consigned Products Security Agreement

22. Release. Franchisee hereby forever releases, dismisses and discharges Company and any of Company's past and present officers, members, directors, managers, employees, agents, predecessors, successors, assigns, affiliates and transferees from any and all, now or hereafter existing actions, causes of action, suits, damages, debts, claims, counterclaims, obligations and liabilities of whatever nature, known or unknown, resulting or arising out of, directly or indirectly, any prior existing employment or contractual relationship (including, without limitation, any previous franchise, asset purchase or financing agreements) between Franchisee and Company or between Franchisee and any of Company's current and former Affiliates.

23. Immunity for Certain Limited Disclosures. Notwithstanding anything in this Agreement to the contrary, Franchisee and Franchisee's principals, may, in accordance with any applicable law including the federal Defend Trade Secrets Act, disclose Confidential Information, including Company's trade secrets, (a) in confidence, to federal, state, or local government officials, or to an attorney of Franchisee, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

24. Business Judgment. Whenever Company reserves or is deemed to have reserved rights in a particular area, or where Company agrees or is deemed to be required to exercise its rights reasonably or in good faith, Company will satisfy its obligations whenever it exercises reasonable business judgment in making a decision or exercising a right. A decision or action by Company will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Company's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of Company. Neither Franchisee nor any third party (including, without limitation, a trier of fact) may substitute its judgment for Company's reasonable business judgment.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates set forth with their signatures below to be effective as of the _____ day of _____, 20___.

COMPANY:

AERUS FRANCHISING, LLC,
a Delaware limited liability company

By: _____
Kevin Hickey, President

Date of Execution: _____

FRANCHISEE:

_____, a
_____

By:_____
Name:_____

Date of Execution:_____

ACKNOWLEDGEMENT OF PRINCIPALS

(does not apply if Franchisee is an individual)

Each of the undersigned acknowledges and agrees that the execution of the attached Guaranty is in partial consideration for, and a condition to, the granting of the rights under the Franchise Agreement, and that Company would not have granted such rights without the execution of the Guaranty by each of the undersigned.

FRANCHISEE'S PRINCIPALS:

_____	_____
Name	Name
_____	_____
Name	Name

[NOTE: ALL OF THE FRANCHISEE'S PRINCIPALS ARE TO EXECUTE THE GUARANTY AT ATTACHMENT A.]

ADDENDUM A

DEFINED TERMS AND PHRASES

A. "Administration and Technical Support Fee" means the fee paid by Franchisee to Company, in an amount specified in Schedule 3 attached hereto, for administration and technical support services Company shall provide to Franchisee hereunder.

B. "Aerus Business" means a business which possesses each of the following four (4) characteristics: (i) it is identified by the Proprietary Marks, (ii) it is exclusively engaged in the offer and sale of Proprietary Products to Approved Customers, (iii) it operates from one or more Approved Locations that serves as a retail location, service center and sales force instruction and training center, and (iv) it operates in accordance with the Proprietary System.

C. "Affiliate" means any entity or person that is, directly or indirectly, controlled by, controlling or under common control with a referenced person or entity.

D. "Agreement" has the meaning assigned in the Preamble.

E. "Application Fee" means the fee, in an amount specified in Schedule 3 attached hereto, paid to Company by any person or entity applying to become an Aerus franchisee.

F. "Approved Customer" means either (a) a non-commercial, residential buyer of Products, or (b) a commercial buyer of Product who is not designated as a "national account" in the Manuals and who is not engaged, and not anticipated to be engaged, in the sale of any cleaning, purification, health improvement or other consumer products or services, who, in either case, is purchasing the Products for such customer's use or consumption and not for re-sale.

G. "Approved Name" has the meaning assigned in Section 1.B.

H. "Area of Responsibility" has the meaning assigned in Section 1.A.

I. "Approved Location" means the approved location or locations of the Franchised Business identified on Schedule 1, attached hereto, or such other location as Company may, at its option, subsequently approve and permit in writing.

J. "Beyond Products" has the meaning assigned in Recital C.

K. "Company" has the meaning assigned in the Preamble.

L. "Company Consumer Warranty" has the meaning assigned in Section 10.E.

M. "Confidential Information" means any and all information, knowledge, know-how, methods, trade secrets, techniques and materials used in or related to an Aerus Business, including the Franchised Business, or the System, which Company may provide to Franchisee in connection with this Agreement, including without limitation the Manuals and all of their content, the Customer Data, the Software and Administration Systems, all plans and specifications, all marketing information and strategies, all site evaluation and selection information, all selling and

operating techniques and all other unique or proprietary information communicated in writing and through other means, including electronic media, as well as all databases and customer lists and information generated by or through the Franchised Business.

N. "Consigned Product" means any of the Products consigned by Company or any of its Affiliates for sale by or through the Franchised Business; except that "Consigned Products" does not include spare parts and supplies, which shall not be consigned to Franchisee.

O. "Core Unit" are such Products as designated from time to time by the Company in the Manuals.

P. "Customer Data" has the meaning assigned in Section 5.A.

Q. "Customer Data Fee" means the fee due by Franchisee for access to Customer Data in an amount specified in Schedule 3, attached hereto.

R. "Effective Date" has the meaning assigned in the Preamble.

S. "FAST" has the meaning assigned in Section 4.C.

T. "FOAS" has the meaning assigned in Section 4.

U. "Franchisee" has the meaning assigned in the Preamble.

V. "Franchised Business" has the meaning assigned in Recital E.

W. "General Manager" means an individual designated and retained by Franchisee for the operation and management of the Franchised Business.

X. "Gross Sales" The total selling price of all services and products and all income of every other kind and nature related to the Franchised Business (including, without limitation, the total selling price of the Consigned Products and income related to repair services, accessories and spare parts), whether for cash or credit and regardless of collection in the case of credit. Under no circumstances shall Franchisee's expenses, including third party delivery expenses, be deducted from Gross Sales. If a cash shortage occurs, the amount of Gross Sales shall be determined based on the records of the electronic cash register system or point-of-sale system and any cash shortage shall not be considered in the determination of Gross Sales. Gross Sales shall, however, expressly exclude the following:

(1) Sums representing sales taxes collected directly from customers by Franchisee in the operation of the Franchised Business, and any sales, value added or other tax, excise or duty charged to customers which is levied or assessed against Franchisee by any Federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Franchised Business, provided that such taxes are actually transmitted to the appropriate taxing authority;

(2) The exchange of merchandise among Approved Locations, if more than one Approved Location is operated by Franchisee, where such exchanges are made solely for the convenient operation of the Franchised Business;

(3) Company-approved discounts and trade-ins for the purchase of Consigned Products only;

(4) Returns to shippers or manufacturers of any products returned to Franchisee by a retail customer, where the sale of such product by Franchisee was previously included in Gross Sales; and

(5) Proceeds from isolated sales of trade fixtures not constituting any part of the Products nor having any material effect upon the ongoing operation of the Franchised Business required under this Agreement.

Company may, from time to time, authorize certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by Company at its option.

Y. "Initial Franchise Fee" means the fee payable by Franchisee to Company upon execution of this Agreement in an amount specified in Schedule 3, attached hereto.

Z. "Initial Term" has the meaning assigned in Section 2.

AA. Intentionally Omitted.

BB. "Location Closure Fee" means a fee due by Franchisee with any closing of an Aerus Business whether directly or indirectly made, attempted or completed in an amount specified in Schedule 3, attached hereto.

CC. "Manuals" mean the confidential operations manuals, including the Policies and Procedures, and such other manuals and written materials (including electronically stored or communicated materials) that Company may develop or have developed for use in the operation of Aerus Businesses, including the Franchised Business (as the same may be revised by Company from time to time). The Manuals may contain mandatory and suggested specifications, standards and operating procedures that Company develops for the System and information relating to other obligations of Franchisee. Any required specifications, standards, and/or operating procedures exist to protect Company's interests in the System and the Marks and to create a uniform customer experience. They are not for the purpose of establishing any control or duty to take control over the day-to-day operational matters reserved to Franchisee.

DD. "Marks" has the meaning assigned in Recitals A and C.

EE. "Minimum Local Advertising Expense" means the amount expended each year by Franchisee on local advertising, public relations, and promotion in the Area of Responsibility and specified in Schedule 3, attached hereto.

FF. "Minimum Sales Requirements" mean the requirements and minimum sales quantities more specifically described on Schedule 4, attached hereto.

GG. Intentionally Omitted.

HH. "Opening Date" shall be the date on or prior to which Franchisee shall open the Franchised Business to the public, which date shall be the date specified in Schedule 1, attached hereto.

II. "Operating Principal" means the individual having an ownership interest in Franchisee of at least ten percent (10%), designated by Franchisee to act as Franchisee's representative to Company and who shall have the authority to act on behalf of Franchisee.

JJ. Intentionally Omitted.

KK. "Payment" has the meaning assigned in Section 7.A.

LL. "Policies and Procedures" mean policies, procedures, practices, rules and regulations adopted from time to time by Company in connection with the System and the ordinary operation and conduct of the Franchised Business (including any updates, bulletins, notices, schedules and the like that may be posted or distributed from time to time) which policies, procedures, practices, rules and regulations may be supplemented, modified or amended at any time and from time to time at Company's sole option; provided that Company shall notify Franchisee upon the occurrence of any supplementation, modification or amendment and will make such supplement, modification or amendment readily available to Franchisee in either physical or electronic format.

MM. "Products" has the meaning assigned in Recitals A and C.

NN. "Protected Area" has the meaning assigned in Section 1.F.

OO. "Relocation Fee" means a fee due by Franchisee with any move or relocation of an Approved Location whether directly or indirectly made, attempted or completed in an amount specified in Schedule 3, attached hereto.

PP. "Renewal Fee" means the fee payable by Franchisee to Company upon Franchisee's notice to Company of its intention to renew the term of this Agreement in an amount specified in Schedule 3, attached hereto.

QQ. "Renewal Term" has the meaning assigned in Section 2.

RR. "Restocking Fee" means the fee payable by Franchisee to Company or Company's Affiliate for administrative costs associated with restocking by Company or Company's Affiliate any of Franchisee's inventory of Consigned Products, in an amount specified in Schedule 3, attached hereto.

SS. "Royalty" means the fee payable by Franchisee to Company, being payable as and when provided, by Company from time to time in the Manuals, in an amount determined by Company as provided in Schedule 3 attached hereto.

TT. "Sales Manager" means the individual designated and retained by Franchisee for the management of recruiting, training and sales activities of the Franchised Business.

UU. "Sales Representative" means any individual engaged in conducting in-home and in-person sales demonstrations of Products and performing such other activities as may be agreed upon.

VV. Intentionally Omitted.

WW. "Service Manager" means the individual designated and retained by Franchisee for the management of service and related activities of the Franchised Business.

XX. "Security Deposit" means a deposit made by Franchisee and held by Company or Company's Affiliate to secure both the value of the Consigned Products in Franchisee's possession and the performance of Franchisee's obligations hereunder, where the amount of such deposit shall be determined as provided for in Schedule 3, attached hereto.

YY. "Software and Administration Systems" has the meaning assigned in Section 4.

ZZ. "Standard Allocation" means the amount established from time to time by Company or Company's Affiliate, at its sole option, in the Manuals or otherwise in writing as Company's or Company's Affiliate remuneration for each Consigned Product sold by or through the Franchised Business.

AAA. "System" has the meaning assigned in Recitals B and C.

BBB. "System Media Fund" means a fund controlled by Company, designed to facilitate media market spending that benefits the System (as defined in Recital B, without regard to Recital C).

CCC. "System Media Fund Fee" means a fee due from Franchisee as required by Company upon implementation of the System Media Fund, in an amount specified in Schedule 3 attached hereto.

DDD. "Term" has the meaning assigned in Section 2.

EEE. "Transfer" means any sale, assignment, grant, conveyance, pledge, hypothecation or encumbrance, whether directly or indirectly made, attempted or completed.

FFF. "Transfer Fee" means the fee payable by Franchisee or any of Franchisee's principals who desires to transfer, by assignment or otherwise, all or substantially all of the assets of Franchisee, or any of their interest in Franchisee, this Agreement or the franchise or license granted hereunder, in an amount specified in Schedule 3, attached hereto.

ADDENDUM B

SYSTEM MEDIA FUND DETAILS

(1) Each month, Franchisee shall pay to Company the System Media Fund Fee.

(2) Franchisee agrees that the System Media Fund shall be maintained and administered by Company or its designee, as follows:

(a) Company shall oversee all advertising and promotional programs with sole discretion to approve or disapprove the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisee agrees and acknowledges that the System Media Fund is intended to maximize general public recognition and acceptance of the System and the Marks.

(b) The System Media Fund, all contributions thereto, and any earnings thereon may be used by Company to purchase, among other things, Internet, electronic, event, radio, television, print or other media on a local, regional or national basis.

(c) All sums paid by Franchisee to the System Media Fund shall be maintained in an account separate from the other monies of Company. The funds shall be used to defray any of Company's reasonable administrative costs and overhead as Company may incur in activities reasonably related to the administration or direction of the System Media Fund and advertising programs for franchisees and the System. Furthermore, Company shall be permitted a management fee not to exceed 5% of the aggregate amount of the System Media Fund Fees collected during a calendar year.

(d) It is anticipated that all contributions to and earnings of the System Media Fund shall be expended for advertising and/or promotional purposes as described herein during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the System Media Fund at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

(e) The System Media Fund is operated solely as a conduit for the collection and expenditure of advertising contributions for the purposes stated herein. Company shall not have a fiduciary obligation in connection with its maintenance or administration of the System Media Fund.

(f) Although the System Media Fund is intended to be of perpetual duration, Company maintains the right to terminate the System Media Fund. The System Media Fund shall not be terminated, however, until all monies in the System Media Fund have been expended for advertising and/or promotional purposes.

(g) The System Media Fund may be established for all franchise programs or separately for one or more of the franchise programs.

ADDENDUM C

TRANSFER OF INTEREST

Transfer of Interest by Company

Equity interests in Company may be freely Transferred, without Franchisee's consent, to any person or entity. Company may Transfer or assign this Agreement and all or any part of Company's rights or obligations herein to any person or entity, including without limitation, in connection with a sale of Company's assets, the Marks or the System to a third party, or to any lender for purposes of collateral.

Transfer of Interest in Franchisee

A. The rights and duties set forth in this Agreement are personal to Franchisee, and Company has granted rights under this Agreement in reliance on Franchisee and Franchisee's principals' business skill, financial capacity and personal character. Accordingly, neither Franchisee nor any principal of Franchisee, nor any successor or assign of Franchisee or any principal of Franchisee may cause or effectuate a Transfer of any direct or indirect interest in this Agreement, in the assets of the Franchised Business or in Franchisee without Company's prior written consent.

B. If Franchisee or any principal of Franchisee wishes to cause or effectuate a Transfer, the transferor and the proposed transferee must apply to Company for Company's consent not later than sixty (60) days prior to the anticipated closing date of the Transfer. Franchisee will pay, at the time of the request for Transfer, a Transfer Fee as described in Schedule 3 to reimburse Company for Company's reasonable expenses associated with reviewing the application to Transfer. The transferee will (as Company directs): (i) execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form franchise agreement then being offered to new system franchisees and other ancillary agreements as Company may require for the Franchised Business, which agreements will supersede this Agreement and Attachments in all respects and the terms of which agreements may differ from the terms of this Agreement, provided, however, that the transferee will not be required to pay any Initial Franchise Fee; or (ii) enter into a written agreement, in a form satisfactory to Company, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the Transfer, all obligations, covenants and agreements contained in this Agreement and Attachments; and, if transferee is a business entity, transferee's shareholders, partners, members or other investors, as applicable, will execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements; and transferee will provide to Company any other evidence deemed necessary by Company to determine that the terms of the agreements described above have been or will be satisfied and are true and correct on the date of Transfer; the transferor will remain liable for all of the obligations to Company in connection with the Franchised Business incurred prior to the effective date of the Transfer and will execute any and all instruments Company reasonably requests to evidence such liability;

C. Upon Franchisee (if a natural person) or any Franchisee's principal's death, the executor, administrator or other personal representative of the deceased individual must Transfer such interest to a third party consented to by Company within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the deceased individual, then the distributee of such interest must be consented to by Company. If the distributee is not consented to by Company, then the distributee must Transfer such interest to a third party consented to by Company within twelve (12) months after the death of the deceased individual.

D. Upon the permanent disability of Franchisee (if a natural person) or any principal of Franchisee, Company may, at Company's sole option, require the interest of such individual to be transferred to a third party in accordance with the conditions described in this Addendum within six (6) months after notice to Franchisee. Permanent disability will be determined by a licensed practicing physician Company selects, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically will be deemed permanently disabled as of the date of such refusal for the purpose of this Addendum.

E. Upon the death or claim of permanent disability of Franchisee or any principal of Franchisee, Franchisee or a representative of Franchisee must promptly notify Company of such death or claim of Permanent disability within fifteen (15) days of its occurrence. Any Transfer upon death or permanent disability will be subject to the same terms and conditions as described in this Addendum for any other Transfer.

F. Company's consent to a Transfer of any interest described herein will not constitute a waiver of any of Company's rights under this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

SCHEDULE 1

SPECIFICATIONS OF THE FRANCHISED BUSINESS

1. APPROVED LOCATION:

Franchise No. _____

Address

Phone Number

Franchise No. _____

Address

Phone Number

2.	PROTECTED AREA:	One mile radius from doorstep of an Approved Location.
3.	AREA OF RESPONSIBILITY:	See attached Schedule 1.3
4.	OPENING DATE:	On or before _____, 20___.
5.	NOTICE ADDRESS:	Notices to Franchisee and Franchisee's principals shall be delivered to the following:

Address
Phone Number
Attention:_____

Telephone:_____

Facsimile:_____

6.	INITIAL TERM:	One (1) year
7.	RENEWAL TERM:	One (1) option to renew for one (1) year
8.	OPERATING PRINCIPAL:	Name: _____

_____ Initials

SCHEDULE 2

OWNERSHIP INTERESTS IN FRANCHISEE

A. The following is a list of stockholders, partners or other investors and equity holders in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name	Percentage of Ownership/Nature of Interest
	_____%
	_____%

B. The following is a list of all of Franchisee's principals:

_____

_____

_____

_____

_____ Initials

SCHEDULE 3

FEES AND DEPOSITS

1. Initial Franchise Fee – One Thousand Dollars ($1,000), due and payable upon execution of this Agreement.

2. Renewal Fee – One Hundred Dollars ($100) payable upon notice of Franchisee's intention to renew this Agreement, but not later than sixty (60) days prior to the expiration of the then current term.

3. Administration and Technical Support Fee – Two Hundred Fifty Dollars ($250) per month for each Approved Location.

4. Restocking Fee – Fifteen percent (15%) of the Standard Allocation for any returned Consigned Products, payable upon return of such products to Company or Company's Affiliate or as otherwise required in the Manuals.

5. Transfer Fee – One Hundred Dollars ($100), payable upon notification by Franchisee's or any of Franchisee's principals of their intent to make a transfer of part or all of their interest in Franchisee. This fee applies to both a transfer of an ownership interest in the Franchised Business, as well as a transfer of ownership of an Approved Location.

6. Security Deposit – Eighty-Eight percent (88%) of the Standard Allocation of the inventory of Consigned Products, payable upon execution of this Agreement and immediately from time to time thereafter for additional Consigned Products.

7. Intentionally Omitted.

8. Relocation Fee – One Hundred Dollars ($100), payable with Franchisee's request to relocate an Approved Location.

9. Location Closure Fee – One Hundred Dollars ($100), payable with Franchisee's request to close an Approved Location.

10. Royalty – Eight percent (8%) of the Gross Sales derived from the sale of (i) all services performed, (ii) certain service, labor and/or aftermarket parts, accessories, supplies or other non-consigned products (all as set forth in the Manuals), and (iii) the service component of all package sales involving both Consigned Product and services (as set forth in the Manuals). Upon not less than ninety (90) days' notice, Company reserves the right to increase the Royalty amount each year upon notice to Franchisee, but in no event shall Company increase the Royalty amount to an excess of twelve percent (12%) of the Gross Sales derived from the above.

11. Minimum Local Advertising Expense – an amount equal to at least two percent (2%) of Gross Sales.

12. System Media Fund Fee – if implemented, an amount not to exceed three percent (3%) of Gross Sales, payable as provided by Company

13. Customer Data Fee - $_____, due and payable upon execution of this Agreement.

SCHEDULE 4

MINIMUM SALES REQUIREMENT

The Minimum Sales Requirement, as described in this Agreement will be:

Unit Sales: 30 units per quarter.

Aftermarket, labor and parts: If Franchisee maintains a service and repair center at the Approved Location, then Eighty percent (80%) of the average Gross Sales per Approved Location of aftermarket, labor and parts for all Approved Locations in the System for each quarter.

Franchisee agrees and acknowledges that the Minimum Sales Requirements are reasonable, and that with reasonable diligence Franchisee is capable of attaining the Minimum Sales Requirements.

FRANCHISEE:

_____,
a _____

By:_____
Name:_____

Date of Execution:_____

ATTACHMENT A

PRINCIPAL GUARANTY

As an inducement to Company to execute the Franchisee Agreement to which this Principal Guaranty (this "Guaranty") is attached, the undersigned jointly and severally agree to be bound by all the terms and conditions of the above Franchisee Agreement, including any amendments or modifications thereto whenever made (the "Agreement") and unconditionally and irrevocably guarantee to Company and its successors and assigns that all of the obligations of Franchisee under the Agreement will be punctually paid and performed.

Upon default by Franchisee or notice from Company, the undersigned will immediately make each payment and perform each obligation required of Franchisee under the Agreement. Without affecting the obligations of the undersigned under this Guaranty, Company may, without notice to the undersigned, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee.

The undersigned hereby waives all demands and notices of every kind with respect to this Guaranty and the Agreement, including, without limitation, notice of the amendment or modification of this Guaranty or the Agreement, the demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for the Agreement or the obligations of Franchisee.

Company may pursue its rights against the undersigned without first exhausting its remedies against Franchisee or any guarantor and without joining any other guarantor hereto and no delay on the part of Company in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Company of any right or remedy shall preclude the further exercise of such right or remedy.

Upon receipt by Company of notice of the death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors hereunder will continue in full force and effect.

THIS GUARANTY SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF TEXAS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF. ANY DISPUTE ARISING OUT OF OR UNDER THIS GUARANTY NOT SETTLED BY AGREEMENT SHALL BE SETTLED IN ACCORDANCE WITH THE SECTION OF THE AGREEMENT HEADED "GOVERNING LAW AND DISPUTE RESOLUTION."

20____.

GUARANTORS:

_____	_____
[Name]	[Name]
_____	_____
[Name]	[Name]

ATTACHMENT B

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

The undersigned Depositor (Franchisee) hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks and electronic debits (collectively, "debits") drawn on such account which are payable to Aerus Franchising, LLC (or its designee) as Payee at the banking institution, account number and ABA number to be separately provided to Depository by Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

PLEASE FILL OUT COMPLETELY:

(*Please attached* ***one voided check*** *for the above account.*)

Store Location:_____ Store #:_____

FRANCHISEE:

_____,
a _____

By:_____
Name:_____

Date of Execution:_____

ATTACHMENT C

APPOINTMENT OF AGENT AND POWER OF ATTORNEY

That _____, a _____, ("Franchisee") does hereby irrevocably constitute and appoint AERUS FRANCHISING, LLC, a Delaware limited liability company, its successors and assigns ("Company"), its true and lawful attorney-in-fact and agent for Franchisee and in Franchisee's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in Company's sole discretion, will be necessary or advisable for the sole purposes of assigning to Company all rights in and to all leases for the Approved Locations and the telephone numbers, domain names and websites of the Franchised Business (as defined under the Franchise Agreement (hereinafter defined) and any other business listings thereof or of Franchisee. Company will have the authority to execute and deliver on Franchisee's behalf any and all documentation required, and Franchisee hereby grants unto Company full power and authority to do and perform any and all acts and things which, in Company's sole discretion, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Company may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with Company will be required to ascertain Our authority, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Company. Any person, firm or corporation dealing with Company will be fully protected in acting and relying on a certificate of Company that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee will not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Franchisee by Company will be deemed to include such a certificate on Company's part, whether or not expressed. This paragraph will survive any termination of this Power of Attorney.

This Power of Attorney will terminate three (3) years following the expiration or termination of that certain Franchise Agreement dated as of _____, by and between Company and Franchisee (the "Franchise Agreement"). Such termination, however, will not affect the validity of any act or deed that Company may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest and such power of attorney will not be affected by the subsequent disability or incapacity of the principal. It is executed and delivered in the State of Texas and the laws of the State of Texas will govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

As applicable, this Appointment of Agent and Power of Attorney ratifies the undersigned's prior Power of Attorney granted to the company and supplements and extends its terms.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the _____ day of _____, 20___.

FRANCHISEE:

_____,
a _____

By: _____
Name: _____
Title: _____

EXHIBIT I

FORM OF LEASE RIDER

THIS LEASE RIDER (this "Lease Rider") is attached to and made a part of that certain Lease Agreement dated [DATE OF LEASE], by and between [NAME OF TENANT] ("Tenant") and [NAME OF LANDLORD] ("Landlord"), effective this [EFFECTIVE DATE].

R E C I T A L S:

A. Aerus Franchising, LLC ("Company") and Tenant are parties to a certain Franchise Agreement (the "Franchise Agreement").

B. Tenant and Landlord desire to enter into a lease (the "Lease") pursuant to which Tenant will occupy the premises located at [ADDRESS OF PREMISES] (the "Premises") for the purpose of operating a business which offers and sells cleaning, purification, health improvement and other consumer products (including accessories, attachments and parts) and services (the "Business") using or bearing the trade name, trademark or service mark "Aerus", "Lux", "Electrolux" or certain other indicia owned or licensed by Company (the "Proprietary Marks") pursuant to the Franchise Agreement.

C. As a condition to receiving consent by Company to enter into the Lease, Tenant is required to cause this Lease Rider to be executed and made a part of the Lease.

A G R E E M E N T:

NOW, THEREFORE, for and in consideration of the foregoing premises and the promises set forth below and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged and confirmed, the parties agree as follows:

1. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Business.

2. Landlord consents to Tenant's use of the Proprietary Marks. Landlord acknowledges that the Proprietary Marks and all right thereto or therein are the sole and exclusive property of Company and that all signs and displays bearing any of the Proprietary Marks placed in or on the Premises shall remain personal property and shall not become fixtures or otherwise part of the real property. Landlord shall not claim any rights in or to the Proprietary Marks and will not restrict or limit Company's, or any of Company's affiliates', rights with respect to the Proprietary Marks.

3. Landlord agrees to furnish Company with copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time, and in the same manner, that such letters and notices are sent to Tenant. The address for such letters and notices shall be 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254, Attention: Real Estate Department, with a copy to 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254, Attention: Legal Department - Notices, or at such other address as Company shall designate in writing.

4. Company (or any designee of Company) shall have the right to enter the Premises to make any modification or alteration necessary with respect to the Proprietary Marks or to cure any default under the Franchise Agreement or any other agreement entered into between Tenant and Company or any of Company's affiliates or under the Lease, including removal of any signs, displays or graphics bearing the Proprietary Marks without being guilty of trespass or any other crime or tort, and Landlord shall not be responsible for any expense or damages arising from Company's action in connection therewith.

5. In the event of Tenant's default under the terms of the Lease, Company may, but is not required to, cure the default and may assume the lease in Company's name. If Company elects to cure the default and assume the Lease, Company shall, within thirty (30) days after Company receives notice of the default, notify Landlord of its intent to cure such default and to assume the Lease. Company shall cure the default within thirty (30) days of such election or, if the default cannot be reasonably cured within such thirty (30) day period, then Company shall commence and proceed to cure the default within such time as is reasonably necessary to cure the default. If Company elects to assume the Lease, Landlord agrees to recognize Company as the Tenant under the Lease, and Tenant shall no longer have any rights thereunder.

6. Tenant shall be permitted to assign the Lease to Company or any of Company's affiliates upon the expiration or termination of the Franchise Agreement and Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment, or require Company to pay any past due rent or other financial obligation of Tenant to Landlord, it being understood that Landlord shall look solely to Tenant for any rents or other financial obligations owed to Landlord prior to such assignment. Landlord and Tenant acknowledge that Company is not a party to the Lease and shall have no liability under the Lease, unless and until the Lease is assigned to, or assumed by, Company.

7. In the event the Franchise Agreement is terminated by Company, Company shall promptly notify Landlord. Landlord acknowledges that, upon such termination, Company may elect under the Franchise Agreement to assume control of the Business and take possession of the Premises. Upon notice from Company of such termination and election, Landlord shall cooperate with Company in assuming possession of the Premises. Such possession shall not constitute a trespass or any other civic or tort, and Landlord shall not be responsible for any expenses or damages arising from Company's action in connection therewith.

8. Notwithstanding anything contained in this Lease, in the event Company becomes the tenant under the Lease, Company is expressly authorized, without the consent of the Landlord, to assign or sublet the Leased Premises to any authorized distributor, franchisee or affiliate of Company, provided such assignment or subletting is specifically subject to the terms of the Lease. Company may also assign the Lease to a financial institution for collateral purposes in connection with any financing transaction.

9. Tenant and Landlord shall not assign the Lease or renew, extend, or cancel the term thereof without the prior written consent of Company.

10. Landlord and Tenant shall not amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Company.

11. The terms of this Lease Rider will supersede any conflicting terms of the Lease.

12. The terms and conditions of this Lease Rider shall be attached and incorporated in the Lease for all purposes thereunder.

13. This Lease Rider has been prepared, and is being executed, for the benefit of Company, and Company shall be a third-party beneficiary for all purposes hereunder. Company shall be entitled to receive the benefit of, and shall be permitted to enforce, any and all provisions hereof together with, or independent of, Tenant.

14. Facsimile signed copies of this Lease Rider shall serve as an original signed Lease Rider until such time that the original Lease Rider has been fully executed and delivered to all parties. In the event that an original signed Lease Rider is not delivered to all parties, the facsimile signed Lease Rider shall remain fully binding and effective for all purposes.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, this LEASE RIDER is effective as of the ____ day of _____, 20____, but executed as of the dates set forth with their signatures below.

TENANT

[If an entity]: _____,
a _____

By:_____

Name:_____

Title:_____

Date of Execution:_____

[If an individual]: _____

Name:_____

Date of Execution:_____

LANDLORD:

By:_____

Name:_____

Title:_____

Date of Execution:_____

EXHIBIT II

FORM OF SOFTWARE LICENSE AGREEMENT

THIS SOFTWARE LICENSE AGREEMENT(this "Software License"), is being entered into simultaneously with that certain Franchise Agreement (the "Franchise Agreement") dated of even date herewith (the "Effective Date") by and between Aerus Franchising, LLC, a Delaware limited liability company, having offices at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254 ("Licensor") and the individual or entity executing this Agreement as Licensee ("Licensee"). All capitalized terms used herein that are not otherwise defined have the meanings assigned to such terms in the Franchise Agreement.

WITNESSETH:

WHEREAS, in connection with Licensee's execution of the Franchise Agreement and the software licenses provided for therein, Licensor and Licensee desire to execute this Software License in order to evidence the specific terms and conditions of such license;

NOW, THEREFORE, for and in consideration of the premises and promises set forth herein and in the Franchise Agreement, and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, Licensor and Licensee agree as follows:

1. Licensor hereby grants to Licensee a nonexclusive, nonassignable license to use the computer programs (including all revisions, modifications and enhancements thereto), in object code form (the "Software"), together with their related user and operating documentation, if any (the "Documentation") from time to time made available to Licensee under the Franchise Agreement. Licensee must provide, at Licensee's sole expense, the hardware, software and Internet or telecommunication connections meeting or exceeding the minimum operating specifications for the Software, as Licensor determines from time to time.

2. Licensee must use the Software and the Documentation only in the operation of Licensee's Franchised Business at the Approved Locations. Licensee may not modify, copy, translate, or reproduce in any form all or any part of the Software or the Documentation without Licensor's prior written consent, and in such event solely to the extent required for use of the Software and the Documentation in the operation of Licensee's Franchised Business. Any copies made under Licensor's direction must include any proprietary notices Licensor may request, including the statement "Copyright © AERUS FRANCHISING, LLC." Licensee must not make the Software or any Documentation available to any party except as described herein. Licensee must not, nor will Licensee allow any third party to, reverse engineer, decompile or otherwise recreate the Software or to reproduce or disclose any portion of the Documentation.

3. As between Licensor and Licensee, all copies of the Software and the Documentation, including any produced by Licensee with Licensor's consent, are and will remain Licensor's sole and exclusive property during and after the term of this Software License. Licensee acknowledges and agrees that Licensor may secure all or any part of the Software or the Documentation from Licensor's Affiliates and/or other third party licensors. Licensee agrees to

execute and deliver to Licensor any further contracts, agreements, reports and/or other documents Licensor requires.

4. Licensee understands and acknowledges that the Software and the Documentation contains Licensor's trade secrets and agrees, during the term of this Software License and thereafter, not to communicate, divulge or use the Software or the Documentation other than in the operation of Licensee's Franchised Business by Licensee and Licensee's employees. Licensee may divulge and allow access to the Software and the Documentation only to Licensee's employees who must have access in connection with their employment in Licensee's Franchised Business. At Licensor's request, Licensee will require and obtain execution of covenants concerning the confidentiality of the Software and the Documentation from any persons Licensee employs who have access to the Software. The grant of the licenses hereunder and the carrying out of the transactions contemplated hereby will not be deemed publication by either party of all or any portion of the Software.

5. Licensee must exercise reasonable precautions, no less rigorous than those Licensee uses to protect Licensee's own Confidential Information, to protect the confidentiality of the Software and the Documentation including, at a minimum, giving instructions to Licensee's employees that the Software and the Documentation are the proprietary information or Licensor and Licensor's trade secrets. Licensee must not remove or alter any designations (including copyright notices) that Licensor or Licensor's licensors have included in the Software, on the distribution media, and/or on the Documentation that indicate such material is the proprietary property of Licensor or such other licensors.

6. Licensee agrees to notify Licensor immediately upon becoming aware (or acquiring a reasonable basis for suspicion) of the existence of any unauthorized knowledge, possession or use of the Software, the Documentation or of any part thereof.

7. Licensee acknowledges and agrees that the Software and the Documentation are the valuable property and trade secrets of Licensor and/or Licensor's licensors, that any violation by Licensee of the provisions of this Software License would cause Licensor or Licensor's licensors irreparable injury for which they would have no adequate remedy at law, and that, in addition to any other remedies which Licensor may have, it will be entitled to preliminary and other injunctive relief against any such violation.

8. The term of this Software License will be co-extensive with the term of the Franchise Agreement, including any renewal of the term of the Franchise Agreement.

9. Expiration or termination of the Franchise Agreement for whatever reason will automatically terminate this Software License and the right granted by it to use the Software, without notice to Licensee. If Licensor's license to any portion of the Software secured from any third party should terminate, then this Software License will automatically terminate as to such portion of the Software, and Licensee will comply with the provisions of Paragraph 10 in connection with such portion of the Software. In addition, Licensor may terminate this Software License upon the failure by Licensee to comply with any of the terms and conditions herein, by giving Licensee written notice of termination stating the nature of the breach at least thirty (30) days prior to the effective date of termination; provided that Licensee may avoid termination by

immediately initiating a remedy to cure such default and curing it to Licensor's satisfaction within the thirty (30) day period and by promptly providing proof thereof to Licensor. If any such default is not cured within that time, or such longer period as applicable law may require, this Software License will terminate without further notice to Licensee effective immediately upon expiration of the thirty (30) day period or such longer period as applicable law may require. Paragraphs 3, 4, 5, 6, 7, 10 and 12 through 20 of this Software License will survive termination, cancellation or expiration of the Franchise Agreement and this Software License.

10. Upon the expiration or termination of this Software License, Licensee must immediately deliver to Licensor all copies of the Software and the Documentation then in Licensee's possession or control and erase the Software from Licensee's computer system, and must immediately cease to use the Software and the Documentation.

11. Licensor will replace without charge the distribution media (*e.g.*, CD-ROM) containing the Software provided under this Software License if such media contains defects in materials and workmanship that are not caused by Licensee's misuse or negligence. As a substitute for such distribution media, Licensor may grant Licensee online access to a directory from which the Software may be downloaded using the Internet or other online communication method, or Licensee shall grant Licensor remote or in-person access to its hardware in order to permit Licensor to install the Software, whichever Licensor shall designate. The foregoing describes Licensor's sole and exclusive warranty, and Licensee's sole and exclusive remedy, regarding the distribution media and the Software.

12. EXCEPT FOR THE LIMITED WARRANTY DESCRIBED ABOVE, THERE ARE NO WARRANTIES GRANTED TO LICENSEE OR ANY OTHER PERSON OR ENTITY FOR THE SOFTWARE, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT; ALL SUCH WARRANTIES ARE EXPRESSLY AND SPECIFICALLY DISCLAIMED. THE SOFTWARE AND DOCUMENTATION IS PROVIDED TO LICENSEE "AS-IS" WITHOUT ADDITIONAL WARRANTY OF ANY KIND. LICENSOR DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE WILL MEET LICENSEE'S REQUIREMENTS OR THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE.

13. LICENSEE IS SOLELY RESPONSIBLE FOR DETERMINING LICENSEE'S DESIRED RESULTS FROM THE USE OF THE SOFTWARE, FOR EVALUATING THE SOFTWARE'S CAPABILITIES AND FOR SUCCESSFULLY OPERATING THE SOFTWARE. IN NO EVENT WILL LICENSOR BE RESPONSIBLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES, OR FOR LOST DATA OR LOST PROFITS TO LICENSEE OR ANY OTHER PERSON OR ENTITY, WHETHER OR NOT DUE TO OUR NEGLIGENCE, ARISING OUT OF THE USE OR INABILITY TO USE THE SOFTWARE, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OCCURRING. IN THE EVENT THAT ANY OTHER TERM OF THIS SOFTWARE LICENSE IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISION OF WAIVER

BY AGREEMENT OF DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OR FOR LOST DATA OR LOST PROFITS WILL CONTINUE IN FULL FORCE AND EFFECT. WITHOUT LIMITING THE FOREGOING, IN NO EVENT WILL LICENSOR BE LIABLE TO LICENSEE FOR DAMAGES (DIRECT OR OTHERWISE) UNDER THIS AGREEMENT IN EXCESS OF THE INITIAL FRANCHISE FEE PAID BY LICENSEE TO LICENSOR, EVEN IF LICENSOR HAS BEEN NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED WARRANTY. THESE DISCLAIMERS OF WARRANTY AND LIMITATIONS OF LIABILITY CONSTITUTE AN ESSENTIAL PART OF THIS AGREEMENT.

14. **THIS SOFTWARE LICENSE WILL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF TEXAS (EXCEPT FOR TEXAS CHOICE OF LAW RULES).** Licensee specifically acknowledges that the Software and the Documentation may be subject to United States and other country export control laws. Licensee must comply strictly with all requirements of all applicable export control laws and regulations with respect to all of the Software and the Documentation.

15. If any provision herein is declared to be void or unenforceable by a court of competent jurisdiction, such declaration will have no effect on the other provisions of this Software License, which will remain in effect and fully enforceable.

16. Licensee agrees to pay any sales, use, ad valorem, personal property and general intangibles tax and any registration fees arising out of this Software License and the transactions contemplated herein, except for any taxes imposed upon Licensor's gross income.

17. Licensee is solely responsible for all hardware, operating systems, and other software and peripherals required to make the Software operate as intended, including all costs and expenses related to a personal computer and a compatible operating system. If the operation of the Software requires an Internet, dial-up, VPN, T1 or other connection to a remote computer Licensor designates or approves, Licensee will be responsible for all hardware, software and telecommunication charges and expenses in connection therewith.

18. Licensee may not cause or effectuate an assignment of (whether by operation of law or otherwise) any of Licensee's rights under this Software License without Licensor's prior written consent.

19. Notice under this Software License will be provided as indicated in the Franchise Agreement.

20. The provisions of this Software License are incorporated into the Franchise Agreement by reference. This Software License and related provisions of the Franchise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all related prior and contemporaneous agreements between the parties. This Software License may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall be considered one and the same instrument.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Software License as of the date set forth with their signatures below to be effective as of the _____ day of _____, 20___.

LICENSOR:

AERUS FRANCHISING, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date of Execution: _____

LICENSEE:

_____,
a _____

By: _____

Name: _____

Title: _____

Date of Execution: _____

EXHIBIT III

FORM OF CONSIGNED PRODUCTS SECURITY AGREEMENT

THIS CONSIGNED PRODUCTS SECURITY AGREEMENT (this "Agreement"), is being executed simultaneously with that certain Franchise Agreement (the "Franchise Agreement") dated of even date herewith (the "Effective Date") by and between Aerus Franchising, LLC, a Delaware limited liability company ("Company"), having offices at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254 and the individual or entity executing this Agreement as Consignee ("Consignee"). All capitalized terms used herein that are not otherwise defined have the meanings given such terms in the Franchise Agreement.

WITNESSETH:

WHEREAS, Consignee and Company ("Aerus Franchising") have entered into the Franchise Agreement, which agreement governs the operations by Consignee of a franchised business engaged in, among other things, the sale of certain consigned products and other related products and services as permitted by, and more particularly described in, the Franchise Agreement;

NOW, THEREFORE, for and in consideration of the premises and promises set forth herein and in the Franchise Agreement, and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, Company and Consignee agree as follows:

1. Consignment Arrangement. Company has consigned or agrees to consign to Consignee, and Consignee agrees to receive on consignment from the Company, the Consigned Products for sale, at Company's listed retail prices. This is intended to be a true consignment and Company shall at all times retain the full legal and equitable title to the Consigned Products. This Agreement is entered into as a precautionary measure to insure that Company's rights to the Consigned Products shall be first and prior to all other creditors of Consignee under all circumstances.

2. Security Interest. To secure the due and punctual payment of all amounts due to Company for the proceeds arising from the sale or return to Company of the Consigned Products, Consignee hereby agrees that Company shall have, and hereby grants to and creates in favor of Company, a security interest in and to the Consigned Products and all proceeds thereof, as more fully-described on the Schedule of Collateral attached hereto (the "Collateral"). Consignee shall pay the cost of filing or recording this Agreement and any related financing statement in all public offices and the cost of all searches of records, wherever filing or recording or searching of records is deemed by Company to be necessary. At the request of Company, Consignee shall, from time to time, execute additional or supplemental documents and agreements to confirm Company's security interest in the Collateral.

3. Covenants of Consignee. Without limitation of the obligations of Consignee to Company contained in any other agreement, Consignee hereby agrees that at all times that it shall:

(a) keep the Consigned Products separate and apart from any other goods or assets of Consignee or others and clearly mark at all times in its books and records that the Consigned Products are the property of Company;

(b) sell the Consigned Products only in the ordinary course of business of Consignee pursuant to the Franchise Agreement and any other instructions of Company, at the prices set by Company, and providing only the manufacturer's warranties given with the Consigned Products;

(c) all proceeds generated from the Consigned Products are the property of Company and shall be paid into the bank account designated by Consignee as being a trust account for the benefit solely of Company. If Company so requests, Consignee shall grant Company signing authority on such bank account. Consignee agrees that all Proceeds shall be held by it in trust solely for the benefit of Company; and

(d) Consignee shall at all times carry insurance over the Consigned Products against all risks for the full replacement value with Company named as loss payee and co-insured. Consignee shall deliver a copy of such policy to Company upon execution of this Agreement and such policy shall contain a so-called mortgagee clause giving Company at least 30 days' notice in advance of any cancellation of such coverage.

4. Event of Default; Termination. This Agreement may be terminated by Company for any reason upon thirty days prior written notice, however, the security interest in the Collateral shall survive until payment in full has been made for products consigned from Company. In addition, the following shall be "Events of Default" under this Agreement: (a) Consignee shall default under this Agreement or fail to perform or observe any of the agreements or covenants set forth in this Agreement or fail to pay when due any invoice or invoices covering products subject to this Agreement; (b) Consignee shall be declared to be in default under any material contract, agreement, or instrument to which Consignee is a party with Company or Aerus Franchising, or either of their affiliates or assigns, including without limitation the Franchise Agreement and documents incidental or related thereto, and such default shall continue beyond any applicable cure period; (c) Consignee shall sell, remove, or attempt to sell, remove, or assign Collateral not in the ordinary course of business; (d) any creditor of Consignee shall obtain possession of any Collateral by means including, without limitation, levy, distraint, replevin or self-help.

Upon the occurrence of any Event of Default and without notice, Company may immediately accelerate the maturity of any debt hereunder and Company may proceed to protect and enforce its rights either by suit in equity and/or by action at law or proceed to obtain judgment or any other relief whatsoever appropriate to the action or proceeding. In addition, Company may immediately, without demand of performance and without other notice to Consignee (all of which are hereby expressly waived): (a) repossess the Collateral at its location; (b) without advertisement, sell at public or private sale or otherwise realize upon the whole or, from time to time, any part of the Collateral, or any interest which Consignee may have therein; (c) to the full extent permitted by applicable law, enter any premises where the Collateral is located and take possession and control of the same and to keep and store the Collateral on such premises or operate the business wherein the Collateral is located; or (d) Company shall have the right of set-off as against any or all amounts owing to Consignee by Company. All rights and remedies given by this Agreement are cumulative and not exclusive of any thereof or of any other rights or remedies

available to Company, and no course of dealing between the parties shall operate as a waiver of such rights or remedies. Consignee shall, on demand, reimburse Company for all expenses, including the reasonable fees and expenses of legal counsel for Company, incurred by Company in connection with the enforcement of this Agreement.

5. Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Texas, the law of which shall prevail in the event of any conflict of law.

6. Forum Selection. The undersigned agree that any action brought by undersigned against holder in any court, whether federal or state, shall be brought only within the State of Texas in the judicial district in which Company has its principal place of business; and the parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. The undersigned also agree that the Company may, in its sole discretion, bring any action against the undersigned in any court, whether federal or state, within either (a) the State of Texas; or (b) in any jurisdiction in which the undersigned resides or owns property. If the Company brings an action against undersigned in any state or federal court located within the State of Texas in the judicial district in which Company has its principal place of business, undersigned accepts generally and unconditionally the jurisdiction and venue of the aforesaid courts and waives any defense of forum non conveniens.

7. Waiver of Jury Trial. Company and undersigned agree that in any litigation, suit, action, counterclaim, or proceeding, whether at law or in equity, which arises out of, concerns, or relates to this Agreement, any and all transactions contemplated hereunder, the performance of this Agreement, or otherwise, trial shall be to a court of competent jurisdiction and not to a jury. Company and undersigned hereby irrevocably waive any right either party may have to a trial by jury. Either Company or undersigned may file an original counterpart or a copy of this Agreement with any court as written evidence of the consent of Company or undersigned of the waiver of their right to trial by jury.

8. Partial Invalidity. If any terms, covenants, or conditions of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall nevertheless survive and be binding upon the parties hereto.

9. Notice. Any notice required to be given or which Company shall give to Consignee hereunder may be given by Company to Consignee in person, by overnight mail delivery, or by United States certified mail addressed to Consignee at the address appearing by Consignee's signature below.

10. Counterpart Execution. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall be considered one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Consigned Products Security Agreement as of the dates set forth with their signatures below to be effective as of the _____ day of _____, 20___.

CONSIGNEE:

_____
a _____,

By: _____
Name: _____
Title: _____

ADDRESS OF CONSIGNEE:

_____
_____
_____

Date of Execution: _____

COMPANY:

AERUS FRANCHISING, LLC
A Delaware limited liability company

By: _____
Name: _____
Title: _____

ADDRESS OF COMPANY:

14841 Dallas Parkway, Suite 500
Dallas, Texas 75254

Date of Execution: _____

SCHEDULE OF COLLATERAL

All present and future right, title and interest of Consignee in and to all the inventory now owned or hereafter acquired. Such inventory includes, without limitation, all attachments, renewals, replacements, additions, accessories, increases, parts, substitutes therefore and proceeds of the above and all guaranties, claims, rights, remedies and privileges relating to any of the foregoing.

Description of Real Estate Upon Which Collateral is Located Premises
located at:

A. Franchise No. _____

Address Phone Number

B. Franchise No. _____

Address Phone Number

C. Franchise No. _____

D. Franchise No. _____

EXHIBIT 2(c)

BEYOND ADDENDUM

BEYOND PROGRAM ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (Standard Program) (this "Addendum") is made effective as of the date shown on the signature page hereto (the "Effective Date") and is made between Aerus Franchising, LLC, a Delaware limited liability company, having its principal place of business at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254 ("Company"), the entity or individual executing this Agreement as "Franchisee" ("Franchisee"), and the individual executing this Agreement as "Operating Principal" ("Operating Principal"). This Addendum is an addendum to that certain Franchise Agreement (Standard Program) dated by and between Company and Franchisee (as amended, the "Franchise Agreement"). Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall control and supercede the Franchise Agreement. Unless otherwise stated, any terms not defined herein shall have the same meanings given to such term in the Franchise Agreement.

RECITALS

A. Company is currently offering an opportunity for franchisees to sell air and surface purification products and services (including, without limitation, accessories, attachments and parts and certain product repair and maintenance services) and perform related services (all as approved by Company, the "Beyond Products"), such Beyond Products bearing or identified by the trade name, trademark or service mark "Beyond," "Beyond by Aerus," or certain other indicia or new or replacement trade names, trademarks, service marks as Company may prescribe from time to time, owned, licensed or otherwise contracted for by Company (the "Beyond Marks").

B. Franchisee desires to participate in this opportunity to sell Beyond Products on the terms and conditions contained herein.

AGREEMENT

1. Grant of Right to Sell Beyond Products. Notwithstanding anything to the contrary found in the Franchise Agreement, Company herby grants to Franchisee the right and license, and Franchisee hereby accepts the right and obligation, to sell Beyond Products to Approved Customers within the Area of Responsibility, all in accordance with the terms and provisions of the Franchise Agreement and the Manuals, including the Policies and Procedures. Accordingly, the definition of "Products" in the Recitals of the Franchise Agreement is hereby supplemented and amended to include, but not be limited to, Beyond Products.

2. License of the Beyond Marks. Company hereby grants to Franchisee a limited non-exclusive right to use the Beyond Marks in strict accordance and compliance with the terms and conditions of the Franchise Agreement, the Manuals and any specific usage guidelines Company may impose from time to time. Accordingly, the definition of "Marks" in the Recitals of the Franchise Agreement is hereby supplemented and amended to include, but not be limited to, the Beyond Marks.

3. Manuals. The definition of "Manuals" in Addendum A of the Franchise Agreement is hereby supplemented and amended to include, but not be limited to, any confidential operations manuals, including the Policies and Procedures, and such other revised manuals and written materials (including electronically stored or communicated materials), that Company may develop or have developed for use in the operation of Aerus Businesses, including Franchised Businesses (as such may be reviewed by Company from time to time), that offer and sell the Beyond Products.

4. Subparagraph (u) of Section 15.B(1) of the Franchise Agreement is hereby deleted in its entirety.

5. Fee. In exchange for the rights and privileges granted to Franchisee herein, Franchisee will pay to Company the sum of ONE HUNDRED DOLLARS ($100.00) (the "Beyond Fee"). The Beyond Fee is non-refundable and will due and payable upon execution of this Addendum.

6. Training. Franchisee must participate at Franchisee's expense, together with Franchisee's Operating Principal and General Manager and all of Franchisee's other personnel that operate and manage the Franchised Business, including Sales Managers and Service Managers, in all training and education programs and motivational and incentive meetings offered by Company from time to time regarding the Beyond Products.

7. Termination. This Addendum will expire or terminate on the earlier to occur of the following: (i) termination or expiration of the Franchise Agreement; or (ii) notice from Company of Franchisee's violation of the terms and conditions of this Addendum or the Franchise Agreement. Upon termination or expiration of this Addendum, Franchisee and the Operating Principal will (a) cease offering and selling Beyond Products; (b) cease using the Beyond Marks; (c) not thereafter use or disclose, except as otherwise required by law, any Confidential Information relating to the Beyond Products, (d) immediately return to Company and Company's Affiliates all items of personal property relating to the Beyond Products that are then owned by Company or Company's Affiliates, (e) immediately cause the cancellation or termination of any assumed name filings for the Beyond Marks, and (f) for a period of one (1) year thereafter, within the Area of Responsibility or within a ten (10) mile radius of any other Aerus Business in existence or under construction as of such expiration or termination, refrain from (I) promoting the sale of, or selling, directly or indirectly, any products or services that are similar in nature to, or that are substitutes for, the Beyond Products, or (II) undertaking or participating in any business or activity that is competitive in nature with any of the Beyond Products.

8. This Addendum will be binding upon and inure to the benefit of the parties and their respective successors and assigns. Franchisee may not assign this Addendum or any of their rights, interests or obligations under this Addendum without the prior written approval of Company.

9. This Addendum will be governed by and construed in accordance with the choice of law provisions contained in the Franchise Agreement. Any and all disputes arising out of or relating to this Addendum shall be resolved in the manner set forth in the Franchise Agreement.

10. This Addendum may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument, and by facsimile.

11. In all other respects, the Franchise Agreement shall remain in full force and effect and remain unchanged.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates set forth with their signatures below to be effective as of the _____ day of _____, 20___.

COMPANY:

AERUS FRANCHISING, LLC, a Delaware limited liability company

By: _____
Kevin Hickey, President

Date of Execution: _____

FRANCHISEE:

_____,
a _____

By: _____
Name: _____

Date of Execution: _____

OPERATING PRINCIPAL:

_____,
_____
Individually as Operating Principal

Date of Execution: _____

EXHIBIT 3

SECURED PROMISSORY NOTE, SECURITY AGREEMENT, GUARANTEE

SECURED PROMISSORY NOTE

$_____

As of _____, _____
Dallas, Texas

FOR VALUE RECEIVED, the undersigned, _____, a _____ ("Maker"), hereby [jointly, severally and] unconditionally promises to pay to the order of AERUS FRANCHISING, LLC, a Delaware limited liability company ("Payee"), at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254, or such other address as the holder hereof may, from time to time, designate in writing, the principal sum of _____ AND _____/100 DOLLARS ($_____), in lawful money of the United States of America, together with interest on the unpaid principal balance from day-to-day remaining, computed from the date of advance until maturity at a rate per annum equal to _____ percent (%) (the "Fixed Rate").

Reference is hereby made to that certain Franchise Agreement dated _____ by and between Maker and Payee ("Franchise Agreement").

For purposes of calculating interest accrued hereon at the Fixed Rate, interest on this Note shall be calculated on the basis of the actual days elapsed over a 360-day year.

Principal and accrued interest on this Note, computed as aforesaid, shall be due and payable as follows: (i) in equal monthly installments, each in the amount of _____ Dollars ($_____), commencing on _____, and continuing thereafter on the first (1st) day of each succeeding calendar month, and (ii) in one final installment on _____, 20___, in the amount of the unpaid principal balance and accrued and unpaid interest on this Note as of (and including) such date.

In addition to the foregoing required monthly payments, Maker shall pay to the Payee a late charge of five percent (5%) of any monthly payment required to be made hereunder or under the Security Agreement (as hereinafter defined) which is not received by the Payee within ten (10) days after it becomes due.

Should the principal of, or any installment of the principal or interest upon, this Note become due and payable on any day other than a business day, the maturity thereof shall be extended to the next succeeding business day and interest shall be payable with respect to such extension. All payments of principal of and interest upon this Note shall be made by Maker to Payee in immediately available funds; provided, that receipt of a check shall not constitute payment until such check has been honored when presented for payment. Payments made to Payee by Maker hereunder shall be applied first to accrued interest and then to principal or as otherwise required by the Security Agreement.

After an Event of Default (as hereinafter defined), all past due principal and, to the extent permitted by applicable law, interest upon this Note shall bear interest at the lesser of (i) the Maximum Rate (as hereinafter defined), or (ii) the rate per annum which shall from day-to-day be equal to five percent (5%) in excess of the Fixed Rate.

The term "Maximum Rate," as used herein, shall mean, with respect to the holder hereof, the maximum nonusurious interest rate, if any, that at any time, or from time to time, may be contracted for, taken, reserved, charged, or received on the indebtedness evidenced by this Note under the laws which are presently in effect of the United States and the State of Texas applicable to such holder and such indebtedness or, to the extent permitted by applicable law, under such applicable laws of the United States and the State of Texas which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow.

Maker and each surety, endorser, guarantor and other party ever liable for payment of any sums of money payable on this Note, jointly and severally waive demand for payment, presentment, protest, notice of protest and non-payment, or other notice of default, notice of acceleration and intention to accelerate, and agree that their liability under this Note shall not be affected by any renewal or extension in the time of payment hereof, or by any indulgences, or by any release or change in any security for the payment of this Note, and hereby consent to any and all renewals, extensions, indulgences, releases or changes, regardless of the number of such renewals, extensions, indulgences, releases or changes.

This Note is secured by, among other things, a Security Agreement (the "Security Agreement") dated of even date herewith from Maker to Payee and encumbering certain personal property of Maker as set forth therein.

No waiver by Payee of any of its rights or remedies hereunder or under any other document evidencing or securing this Note or otherwise shall be considered a waiver of any other subsequent right or remedy of Payee; no delay or omission in the exercise or enforcement by Payee of any rights or remedies shall ever be construed as a waiver of any right or remedy of Payee; and no exercise or enforcement of any such rights or remedies shall ever be held to exhaust any right or remedy of Payee.

An "Event of Default" shall exist hereunder if any one or more of the following events shall occur and be continuing:

(a) Maker shall fail or refuse to pay within five (5) days after the date when due any principal of, or interest upon, this Note;

(b) any statement, representation or warranty made by Maker to Payee shall prove to be untrue or inaccurate in any material respect when made;

(c) default shall occur in the performance of any of the covenants or agreements of Maker contained herein or in any instrument securing this Note or any other document executed or delivered to Payee in connection herewith and such default shall continue uncured to the reasonable satisfaction of Payee for a period of fifteen (15) days after written notice thereof from Payee to Maker;

(d) Maker or any guarantor of this Note (a "Guarantor") shall (i) apply for or consent to the appointment of a receiver, trustee, custodian, intervenor or liquidator of the Maker or such Guarantor or of all or a substantial part of the assets of the Maker or such Guarantor, (ii) file a voluntary petition in bankruptcy, admit in writing that the Maker or such Guarantor is unable to pay the debts of the Maker or such Guarantor as they become due or generally not pay such debts

as they become due, (iii) make a general assignment for the benefit of creditors, (iv) file a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy or insolvency laws, (v) file an answer admitting the material allegations of, or consent to, or default in answering, a petition filed against the Maker or such Guarantor in any bankruptcy, reorganization or insolvency proceeding, or (vi) take corporate action for the purpose of effecting any of the foregoing;

(e) An involuntary petition or complaint shall be filed against Maker or any Guarantor seeking bankruptcy or reorganization of the Maker or such Guarantor or the appointment of a receiver, custodian, trustee, intervenor or liquidator of the Maker or such Guarantor, or of all or substantially all of the assets of the Maker or such Guarantor, and such petition or complaint shall not have been dismissed within forty-five (45) days after the filing thereof; or an order, order for relief, judgment or decree shall be entered by any court of competent jurisdiction or other competent authority approving a petition or complaint seeking reorganization of the Maker or such Guarantor or appointing a receiver, custodian, trustee, intervenor or liquidator of the Maker or such Guarantor, or of all or substantially all of the assets of the Maker or such Guarantor;

(f) the failure of Maker or any Guarantor to have discharged within a period of ten (10) days after the commencement thereof any attachment, sequestration, execution or similar proceeding against any portion of the property covered by the Security Agreement;

(g) Payee's liens, mortgages or security interests in any of the collateral for this Note should become unenforceable, or cease to be first priority liens, mortgages or security interests;

(h) The occurrence of any "default" as defined in the Franchise Agreement; or

(i) The occurrence of any "default" as defined in any promissory note (other than this Note) or any Security Agreement, Product Sales Agreement or Asset Purchase and Sale Agreement, entered into with Payee, Aerus LLC, Aerus Canada, Inc., or any other affiliate of Payee or the breach of any of the terms or conditions of any loan agreement, document, or instrument or any franchise or other agreement entered into with Payee, Aerus LLC, Aerus Canada, Inc., or any other affiliate of Payee, which default or breach continues beyond any period of grace therein provided.

Upon the occurrence of any Event of Default or other default under any other agreement or instrument securing or assuring the payment of this Note or executed in connection herewith, the holder hereof may, at its option, declare the entire unpaid balance of principal and accrued interest on this Note to be immediately due and payable, and foreclose all liens and security interests securing payment hereof or any part hereof; provided, however, upon the occurrence of any of the Events of Default described in Items (d) or (e) above, the entire unpaid balance of principal and accrued interest upon this Note shall, without any action by Payee, immediately become due and payable without demand for payment, presentment, protest, notice of protest and non-payment, or other notice of default, notice of acceleration and intention to accelerate or any other notice, all of which are expressly waived by Maker.

Maker may prepay all, or any portion, of this Note at any time without premium or penalty. All prepayments shall be applied to the outstanding balance of this Note in the inverse order of maturity and shall not reduce the amount of the monthly payments hereunder required.

Notwithstanding anything contained in this Note to the contrary, Payee shall never be deemed to have contracted for or be entitled to receive, collect or apply as interest on this Note, any amount in excess of the amount permitted and calculated at the Maximum Rate, and, in the event Payee ever receives, collects or applies as interest any amount in excess of the amount permitted and calculated at the Maximum Rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of this Note, and, if the principal balance of this Note is paid in full, any remaining excess shall forthwith be paid to Maker. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Rate, Maker and Payee shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment (other than payments which are expressly designated as interest payments hereunder) as an expense, fee, or premium, rather than as interest, (ii) exclude voluntary prepayments and the effect thereof, and (iii) spread the total amount of interest throughout the entire contemplated term of this Note.

THIS NOTE IS BEING EXECUTED AND DELIVERED, AND IS INTENDED TO BE PERFORMED IN THE STATE OF TEXAS. EXCEPT TO THE EXTENT THAT THE LAWS OF THE UNITED STATES MAY APPLY TO THE TERMS HEREOF, THE SUBSTANTIVE LAWS OF THE STATE OF TEXAS SHALL GOVERN THE VALIDITY, CONSTRUCTION, ENFORCEMENT AND INTERPRETATION OF THIS NOTE. IN THE EVENT OF A DISPUTE INVOLVING THIS NOTE OR ANY OTHER INSTRUMENTS EXECUTED IN CONNECTION HEREWITH, THE UNDERSIGNED IRREVOCABLY AGREES THAT VENUE FOR SUCH DISPUTE SHALL LIE IN ANY COURT OF COMPETENT JURISDICTION IN DALLAS COUNTY, TEXAS.

If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceedings at law or in equity or in bankruptcy, receivership or other court proceedings, Maker promises to pay all costs and expenses of collection including, but not limited to, court costs and the reasonable attorneys' fees of the holder hereof.

Executed as of the day and year first above written.

ATTEST:	MAKER:
_____	_____
Secretary or Assistant Secretary	Type Entity Name Here
SEAL	
WITNESS:	By: _____, (SEAL) Individually
_____	Name: _____
WITNESS:	By: _____, (SEAL) Individually
_____	Name: _____
	Address of Maker:
	_____
	_____
	_____
	Telephone #: _____
	Facsimile #: _____
	E Mail: _____

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), is entered into as of the date of execution by "Secured Party" (the "Effective Date") by and between AERUS FRANCHISING, LLC, a Delaware limited liability company, having offices at 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254 ("Aerus Franchising" or "Secured Party") and the individual or entity executing this Agreement as Purchaser ("Debtor").

WITNESSETH:

WHEREAS, Debtor has entered into a certain Franchise Agreement (the "Franchise Agreement") with Secured Party;

WHEREAS, Debtor has executed and delivered to Secured Party a certain Secured Promissory Note of even date herewith (including any replacement, renewal, revision or refinancing thereof, the "Note") to evidence the indebtedness of Debtor to Secured Party; and WHEREAS, as an inducement to Secured Party to extend credit as evidenced by the Note, Debtor desires to secure the Note in the manner hereinafter set forth;

NOW, THEREFORE, for and in consideration of the Debt (as hereinafter defined), and other good and valuable consideration rendered by Secured Party to Debtor, and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

1. Definitions. In addition to the words and terms defined elsewhere in this Security Agreement, the following words and terms shall have the following meanings, respectively, unless otherwise required by the context:

(a) Words and terms used herein which are defined in Section 9 of the Code shall, unless the context otherwise requires, have the meanings therein provided;

(b) "Code" shall mean the Texas Uniform Commercial Code, Texas Business and Commerce Code § 1.101, *et seq.*, as amended from time to time;

(c) "Collateral" shall mean and include all of Debtor's now owned or hereafter acquired assets, whether tangible or intangible, including without limitation all of Debtor's right, title and interest in and to each of the following, wherever located and whether now existing or hereafter arising: (i) all accounts; (ii) all Inventory; (iii) all Equipment; (iv) all contract rights; (v) all general Intangibles, including payment Intangibles; (vi) all Intellectual Property; (vii) all deposit accounts; (viii) all investment property; (ix) all instruments, including promissory notes; (x) all Chattel Paper; (xi) all Goods; (xii) all Documents; (xiii) all insurance and certificates of insurance pertaining to any and all items of Collateral; (xiv) all files, correspondence, computer programs, tapes, disks and related data processing software which contain information identifying or pertaining to any of the Collateral or any Account Debtor or showing the amounts thereof or payments thereon or otherwise necessary or helpful in the realization thereon or the collection thereof; (xv) all cash deposited with Secured Party or any affiliate thereof, including Aerus LLC; (xvi) all property described on the Schedules of Collateral attached hereto and all attachments, accessories and parts used or intended to be used with such property (including all substitutions and replacements thereof and accessions thereto); and (xvii) any and all products and cash and

non-cash proceeds of any of the foregoing (including, but not limited to, any claims to any items referred to in this definition and any claims against third parties for loss of, damage to or destruction of any or all of the Collateral or for proceeds payable under or unearned premiums with respect to policies of insurance) in whatever form;

(d) "Debt" shall mean (i) all the indebtedness of Debtor evidenced by the Note, both principal and interest, and any and all extensions, renewals or refinancing thereof in whole or in part, (ii) all costs and expenses incurred by Secured Party in any collection of such indebtedness, including, without limitation, reasonable attorney's fees and costs, (iii) all future advances made by Secured Party for the protection and preservation of the Collateral or any portion thereof, (iv) all other obligations and liabilities of Debtor to Secured Party from time to time arising under or pursuant to this Security Agreement, (v) all indebtedness and obligations arising under or incurred in connection with the transactions contemplated by the Franchise Agreement; and (vi) all other existing and future indebtedness, liabilities and obligations of Debtor to Secured Party, Aerus LLC, and/or their affiliates, whether now or hereafter existing whether or not related to this Security Agreement or the Note, whether or not contemplated by Secured Party or Debtor at the date hereof, whether absolute or contingent, joint and/or several, including without limitation all indebtedness, obligations and liabilities of Debtor to Secured Party incurred pursuant to any extension, renewal or substitutions of any Debt;

(e) "Event of Default" shall mean any of the Events of Default described in Section 10 hereof;

(f) "Intellectual Property" shall mean, as to Debtor, all of Debtor's then owned and existing and future acquired or arising patents, patent rights, copyrights, works which are the subject of copyrights, trademarks, service marks, trade names, trade styles, patent, trademark and service mark applications, and all licenses and rights related to any of the foregoing, and all rights to sue for past, present and future infringements of any of the foregoing;

(g) "Law" shall mean all statutes, rules, regulations, ordinances, orders, injunctions, writs or decrees of any government or political subdivision or agency thereof, or any court or similar entity established by any thereof.

2. Security Interest. Debtor hereby agrees that Secured Party shall have, and hereby grants to and creates in favor of Secured Party, a security interest in and to the Collateral as security for the due and punctual payment of the Debt. Debtor hereby represents and warrants that Secured Party has, and shall continue to have, a perfected lien and first priority security interest in the Collateral and that Debtor will cooperate to take all necessary steps (including the execution of all necessary documents and instruments) to protect and preserve the priority of the Secured Party's security interest in the Collateral.

3. Intentionally Deleted.

4. Possession of Collateral. Except as otherwise provided herein, Debtor may retain possession of the Collateral, and at Debtor's sole expense keep and use the same unless and until an Event of Default shall occur hereunder.

5. Sale or Removal of Collateral.

(a) Sale of Collateral. Debtor shall not sell or assign or attempt to sell or assign the Collateral or any interest therein, provided, however, that unless an Event of Default has occurred under this Security Agreement, Debtor may sell the inventory to customers in the ordinary course of business.

(b) Removal of Collateral. Except for the sale of Inventory in the ordinary course of business, Debtor covenants and agrees that the Collateral will remain at the location stated on the Schedule of Collateral (the "Premises") and that without the prior written consent of Secured Party, Debtor shall not remove or suffer or permit the removal of the Collateral from the Premises. If, however, the Collateral is removed from the Premises by persons not within the control of Debtor, Debtor will promptly notify Secured Party in accordance with the applicable provisions of this Security Agreement.

6. Taxes. During the term of this Security Agreement, Debtor shall pay or cause to be paid when due all taxes, assessments and charges or levies imposed upon it or on any of the Collateral or any part thereof, except where such tax, assessment, charge or levy is contested in good faith by appropriate proceedings with adequate reserves therefor having been set aside on its books and, if requested, tendered to Secured Party as additional cash collateral. Debtor shall pay or cause to be paid all such contested taxes, assessments, charges or levies forthwith whenever foreclosure on any lien that attaches (or security therefor) appears imminent. Debtor on demand shall promptly furnish Secured Party with receipts showing any such payment and Debtor shall not permit the Collateral, or any part thereof, to be levied upon or sold for any tax, charge or assessment whatsoever, nor permit to be done to, in, upon or about the Collateral, anything that may impair the value thereof, or the security interest therein created hereby.

7. Other Provisions Applicable to the Collateral. Debtor covenants and agrees that during the term of this Security Agreement:

(a) Location of Principal Place of Business. The principal place of business of Debtor is located at the Premises as more fully described in the attached Schedules. Debtor shall not move its principal place of business except to such new location as may be established in accordance with subparagraph (e) below.

(b) Jurisdiction of Formation; Charter Number. Debtor is, and shall remain at all times, a duly formed and validly existing entity under the laws of the state set forth in the Franchise Agreement and having the charter number set forth in the Franchise Agreement.

(c) Exact Legal Name. Debtor shall not change its legal name in any manner except a change in name permitted following compliance with the provisions of subparagraph (e) below. Debtor does not and will not use any other name of trade style to identify itself to the public.

(d) Location of Books and Records. Debtor's original books of account and records relating to the Collateral are, and shall continue to be, kept at its principal place of business. Debtor shall not permit any original books of account or records concerning the Collateral to be located at any other address except such new locations as it may establish in accordance with subparagraph (e) below.

(e) Establishment of New Location or Name. If Debtor desires to establish a new location for its principal place of business where Collateral or original books of account or records relating to the Collateral may be kept or to alter the exact legal name of Debtor in any manner or take title to the Collateral or change its jurisdiction of formation then Debtor shall first, with respect to each new location or name or jurisdiction of formation:

(1) Give Secured Party written notice of its intention to do so and provide Secured Party with such information in connection therewith as Secured Party may reasonably request; and

(2) Take such action, as directed by Secured Party as may be necessary to maintain at all times the perfection and first priority of the security interest in the Collateral granted to Secured Party hereunder.

(f) Inspection. Secured Party shall have the right, during normal business hours and from time to time, to inspect the Collateral and to examine and make copies or extracts from the books and records of Debtor concerning the Collateral and payment of taxes.

8. Insurance. Debtor shall maintain, or cause to be maintained the following policies of insurance:

(a) Debtor shall procure and maintain in full force and effect during the term of this Security Agreement, at Debtor's sole expense, an insurance policy or policies covering the Collateral and protecting Debtor and Secured Party, and its officers, directors, shareholders, and employees, against any claims for loss, liability, personal injury, death, property damage, or any expense whatsoever arising out of or occurring upon or in connection with the Collateral.

(b) The carrier, policy types and policy terms, coverage and limits shall comply with the insurance requirements set forth under the Franchise Agreement.

(c) Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, Debtor shall promptly submit evidence of satisfactory insurance and proof of payment therefor to Secured Party, together with, upon request, copies of all policies and policy amendments. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days' prior written notice to Secured Party.

(d) Should Debtor, for any reason, fail to procure or maintain the insurance required by this Agreement, Secured Party shall have the right and authority (without, however, any obligation to do so), immediately to procure such insurance and to charge the cost of same to Debtor, which charges, together with costs and expenses in so acquiring the policy or policies, shall be payable by Debtors upon demand.

9. Title to Collateral. Debtor warrants and represents that there are no restrictions on the granting by Debtor to Secured Party of the security interest created hereby, that Debtor is the owner of the Collateral free and clear of all liens, claims, charges, security interests and other encumbrances of any kind or nature (except as created hereby) and that Debtor has the authority

to execute, deliver and consummate this Security Agreement without the consent of any other person or legal entity.

10. Events of Default. The following shall be "Events of Default" under this Security Agreement and the terms "Events of Default" or "Default" shall mean any one or more of the following events:

(a) Default in Payment of Note. Debtor shall fail to pay when due (whether on the date scheduled for payment, upon acceleration, at maturity or otherwise) any payment of principal or interest upon the Debt.

(b) Default Under Other Obligations. Debtor shall fail to pay any indebtedness for borrowed money upon maturity or when such indebtedness becomes or is declared to be due and payable prior to its express maturity by reason of any default in the performance of or observance of any obligation or condition in connection with such indebtedness, and such failure shall continue beyond any applicable grace period.

(c) Default in Material Agreement. Debtor shall be declared to be in default under any material contract, agreement or instrument to which Debtor is a party or by which Debtor or its property is bound including, without limitation, the Note, the Asset Purchase Agreement, the Franchise Agreement, and any other documents or instruments evidencing or securing any obligation of Debtor to Secured Party, Aerus LLC, or their affiliates under or in connection with this Security Agreement or any of the foregoing documents and instruments and such default shall continue for thirty (30) days after receipt of notice of such failure from the other party to the said contract, agreement or instrument.

(d) Insolvency. Debtor shall become insolvent or admit an inability to pay Debts as they become due, or apply for, consent to, or acquiesce in the appointment of a trustee, custodian or receiver for any property; or in the absence of such application or acquiescence, a trustee, custodian or receiver is appointed for Debtor, under any bankruptcy, reorganization, debt arrangement, insolvency law (whether now or hereafter in effect) and such appointment shall not have been terminated within thirty (30) days thereafter, or any dissolution or liquidation proceeding is instituted against Debtor or is consented to or acquiesced in by Debtor; or Debtor shall make an assignment for the benefit of creditors and such inability or assignment shall continue for a period of thirty (30) days.

(e) Levy, Repossession or Seizure of Collateral. Any creditor of Debtor shall obtain possession of any Collateral by any means including, without limitation, levy, distraint, replevin or self-help.

(f) Representations Incorrect. Any representation or warranty made by Debtor herein or in the Note or otherwise, as an inducement to Secured Party to enter into this Security Agreement is untrue in any material respect, or any schedule, statement, report, notice or writing furnished by Debtor to Secured Party is untrue in any material respect as of the date on which the facts set forth therein are stated.

(g) Material Adverse Change. Secured Party shall have determined in good faith and reasonably that a material adverse change has occurred in the business operations or financial

condition of Debtor or that the prospect of payment of the Note or performance under this Security Agreement has become impaired.

(h) Judgments. The issuance, filing or levy against Debtor of an attachment, injunction, execution, tax lien or judgment in excess of one thousand dollars ($1,000.00) which is not discharged in full or stayed within thirty (30) days after issuance or filing.

11. Remedies on Default. Upon the occurrence of any Event of Default or Default, and without notice, Secured Party may:

(a) Acceleration. Declare the Debt to be immediately due and payable, and the Debt shall thereupon become and be immediately due and payable, without presentment, demand, protest, notice of protest, notice of intent to accelerate, notice of acceleration or other notice of dishonor of any kind (all of which are hereby expressly waived by Debtor) and Secured Party may proceed to protect and enforce its rights either by suit in equity and/or by action at law, whether for specific performance of any covenants or agreement contained in this Security Agreement or the Note or in aid of the exercise of any power granted herein or therein or proceed to obtain judgment or any other relief whatsoever appropriate to the action or proceeding, or proceed to enforce any other legal or equitable right of any holder of the Note.

(b) Additional Remedies. Secured Party shall have, in addition to the rights and remedies given it by this Security Agreement and the Note, all those allowed by applicable law, including, without limitation, the Code. Without limiting the generality of the foregoing, Secured Party may immediately, without demand of performance, presentment and without other notice (except as specifically required by this Security Agreement or the Note) or demand whatsoever to Debtor (all of which are hereby expressly waived) (i) repossess the Collateral at its location or (ii) without advertisement, sell at public or private sale or otherwise realize upon the whole or, from time to time, any part of the Collateral, or any interest which Debtor may have therein. If Secured Party elects to sell the Collateral, after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services), Secured Party shall apply such proceeds as provided in Clause (d) below. Any remainder of the proceeds after satisfaction in full of the Debt shall be distributed as required by applicable law. Notice of any sale or other disposition shall be given at least ten (10) days before the time of any intended public sale or before the time after which any intended private sale or other disposition of the Collateral is to be made, which Debtor hereby agrees shall be reasonable notice of such sale or other disposition. The Debtor agrees to assemble, or to cause to be assembled, at Debtor's own expense, the Collateral at such place or places as Secured Party shall designate. At any such sale or other disposition, Secured Party may to the extent permissible under applicable law, purchase the whole or any part of the Collateral, free from any right of redemption on the part of Debtor, which right is hereby waived and released.

(c) Without limiting the generality of any of the rights and remedies conferred upon Secured Party under this Section, Secured Party may, to the full extent permitted by applicable law:

(1) Enter any premises where the Collateral is located and take possession and control of the same and keep and store the Collateral on such premises or if the Collateral

is located on the Premises, operate the business wherein the Collateral is located. If such premises or Premises are deemed to be the property of Debtor, Debtor agrees not to charge Secured Party for storage thereof during the period Secured Party is exercising its rights with respect to the Collateral under the Code and this Security Agreement;

(2) Upon ten (10) days' prior notice, which shall be deemed to be reasonable notice, sell all or any portion of the Collateral at public or private sale at such place or places and at such time or times and in such manner and upon such terms, whether for cash or credit, as Secured Party in its sole discretion may determine; and

(3) Endorse in the name of Secured Party any instrument, howsoever received by Secured Party, representing the Collateral or proceeds.

(d) Application of Moneys. Secured Party shall apply the proceeds of any sale of or other disposition or realization upon the Collateral in the following manner:

(1) First, to the payment or reimbursement of all reasonable advances, expenses and disbursements of Secured Party (including, without limitation, the fees and disbursements of its counsel and agents) incurred in connection with the administration and enforcement of, or the preservation of any rights under this Security Agreement;

(2) Second, to the repayment of the Debt, whether for principal, interest or expense in such order as Secured Party shall designate; and

(3) Third, any balance to be distributed as required by Law. If the proceeds of any such sale of or other disposition or realization upon the Collateral are insufficient to pay the Debt to Secured Party, then Debtor shall remain liable for such deficiency thereafter.

(e) Right of Set-Off. Secured Party shall have the right to set-off as against any or all amounts owing to Debtor by Secured Party, including, without limitation, any and all other property of the Debtor at any time in the possession of Secured Party, and for such purpose Secured Party shall have and there is hereby granted to and created in favor of Secured Party, a first lien on all such property.

(f) Remedies Cumulative, No Waiver. All rights and remedies given by this Security Agreement and the Note are cumulative and not exclusive of any thereof or of any other rights or remedies available to Secured Party, and no course of dealing between Debtor (individually and collectively) and Secured Party or any delay or omission in exercising any right or remedy shall operate as a waiver of such right or remedy, and every right and remedy may be exercised from time to time and as often as shall be deemed appropriate by Secured Party.

(g) Expense of Secured Party. Debtor shall, on demand, reimburse Secured Party for all expenses, including the reasonable fees and expenses of legal counsel for Secured Party, incurred by Secured Party in connection with the enforcement of this Security Agreement and the Note, and the collection or attempted collection of the Note.

12. Notice. Any notice of default or other notice required to be given or which Secured Party shall give to Debtor hereunder may be given by Secured Party to Debtor in person, by overnight delivery, or by United States certified mail addressed to Debtor at such address as shall have been last designated in writing by Debtor to Secured Party as a place for the giving of notice, or, in the absence of such designation, then at the address appearing by Debtor's signature below.

13. Successors and Assigns. The terms used to designate any of the parties herein shall be deemed to include their respective successors and assigns and shall bind all persons who became bound as a Debtor to this Security Agreement, and the term "Secured Party" shall also include any lawful owner, holder or pledgee of the Note.

14. Perfection of Security Interest. Debtor shall pay the cost of filing or recording this Security Agreement and any related financing statement, in all public offices and the cost of all searches of records, wherever filing or recording or searching of records is deemed by Secured Party to be necessary. At the request of Secured Party, Debtor shall, from time to time, execute additional or supplemental agreements to confirm Secured Party's security interest in the Collateral. To the maximum extent permitted by law, Secured Party is hereby authorized to file and record this Security Agreement and any related financing statements or amendments or supplements thereto as may be required to further perfect or protect the liens and security interests herein granted.

15. Subrogation and Marshalling. Debtor hereby waives, surrenders and agrees not to claim or enforce, so long as the Debt or any portion thereof remains outstanding: (a) any right to be subrogated in whole or in part to any right or claim of the holder of any part of the Debt and (b) any right to require the marshalling of any assets of Debtor which right of subrogation or marshalling might otherwise arise from any payment to the holder of any part of the Debt arising out of the enforcement of the security interest granted hereby, or any other mortgage or security interest granted by Debtor or any other person to Secured Party, or the liquidation of or realization upon the Collateral, any other collateral granted by Debtor or any other person to Secured Party, or any part thereof.

16. Execution in Counterparts; Facsimile Authentication. This Security Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one agreement. Any counterpart of this Security Agreement may be executed by facsimile, and the production of a facsimile copy of this Security Agreement shall be deemed to be the equivalent of production of an originally executed copy of this Security Agreement for all purposes.

17. Governing Law and Waiver of Jury Trial. This Security Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, other than the conflicts of laws principles thereof, except to the extent the Code provides for the application of the law of the Debtor's state of formation.

18. Forum Selection. The parties agree that any action brought by Debtor against Secured Party in any court, whether federal or state, shall be brought only within the State of Texas in the judicial district in which Secured Party has its principal place of business; and the parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

The parties also agree that the Secured Party may bring any action against the Debtor in any court, whether federal or state, within either (a) the State of Texas; or (b) in any jurisdiction wherein Debtor resides or owns property. If Secured Party brings an action against Debtor in any state or federal court located, Debtor accepts generally and unconditionally the jurisdiction and venue of the aforesaid courts and waives any defense of forum non-conveniens.

19. WAIVER OF JURY TRIAL. SECURED PARTY AND DEBTOR AGREE THAT IN ANY LITIGATION, SUIT, ACTION, COUNTERCLAIM, OR PROCEEDING, WHETHER AT LAW OR IN EQUITY, WHICH ARISES OUT OF, CONCERNS, OR RELATES TO THIS AGREEMENT, ANY AND ALL TRANSACTIONS CONTEMPLATED HEREUNDER, THE PERFORMANCE OF THIS AGREEMENT, OR OTHERWISE, TRIAL SHALL BE TO A COURT OF COMPETENT JURISDICTION AND NOT TO A JURY. SECURED PARTY AND DEBTOR HEREBY IRREVOCABLY WAIVE ANY RIGHT EITHER PARTY MAY HAVE TO A TRIAL BY JURY. EITHER SECURED PARTY OR DEBTOR MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF SECURED PARTY OR DEBTOR TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

20. Whenever, in this document the meaning of any term or word is not readily understood from the context in which it is used, or whenever a dispute may arise between the parties as to the meaning of any term or word in this document, the definitions set forth in the Franchise Agreement or the Asset Purchase Agreement (the Franchise Agreement having priority and control as between the two) to which the Debtor is a party shall be controlling as to the proper definition or such term or word.

21. Partial Invalidity. If any terms, covenants, or conditions of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall nevertheless survive and be binding upon the parties hereto.

22. Consigned Products from Secured Party. The security interest granted herein over the Collateral does not include (and the term Collateral as used herein does not include) the Consigned Products (as such term is defined in the Franchise Agreement) delivered to Debtor by Secured Party, which Consigned Products are the subject of a separate written agreement (the "Consigned Products Security Agreement") and security interest. To the extent of any conflict between this Security Agreement and the Consigned Products Security Agreement, the Consigned Products Security Agreement shall control with respect to the Consigned Products only.

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed as of the dates set forth with their signatures below.

WITNESS:

ATTEST:

_____

Secretary or Assistant Secretary

DEBTOR – Corporation or Partnership:

_____

WITNESSES:

_____

Witness

_____

Witness

DEBTOR – Individually:

ADDRESS OF DEBTOR:

_____

_____

_____

Date of Execution: _____

ATTEST:

_____

Secretary or Assistant Secretary

SECURED PARTY:

ADDRESS OF SECURED PARTY:

14841 Dallas Parkway, Suite 500
Dallas, Texas 75254

Date of Execution: _____

SCHEDULE OF EQUIPMENT COLLATERAL

All present and future right, title and interest of Debtor in and to all Equipment now owned or hereafter acquired. The above-described Equipment includes, without limitation, all attachments, renewals, replacements, additions, accessories, accessions, increases, parts, substitutes therefore and proceeds of the above and all guaranties, claims, rights, remedies and privileges relating to any of the foregoing.

SCHEDULE OF FIXTURES COLLATERAL

All present and future right, title and interest of Debtor in and to all fixtures now owned or hereafter acquired. The above-described fixtures includes, without limitation, all attachments, renewals, replacements, additions, accessories, accessions, increases, parts, substitutes therefore and proceeds of the above and all guaranties, claims, rights, remedies and privileges relating to any of the foregoing.

SCHEDULE OF INVENTORY COLLATERAL

All present and future right, title and interest of Debtor in and to all Inventory now owned or hereafter acquired. The above-described Inventory includes, without limitation, all attachments, renewals, replacements, additions, accessories, accessions, increases, parts, substitutes therefore and proceeds of the above and all guaranties, claims, rights, remedies and privileges relating to any of the foregoing.

Description of Real Estate Upon Which Collateral is Located

Premises located at

_____
_____
_____
_____

PERSONAL GUARANTEE

_____, 20___

Aerus Franchising, LLC
14841 Dallas Parkway, Suite 500
Dallas, Texas 75254

Re: [INSERT: Name and address of Franchisee] ("Borrower")

Ladies and Gentlemen:

Aerus Franchising, LLC ("Lender") and Borrower have entered into certain financing arrangements pursuant to which Lender may make loans and advances and provide other financial accommodations to Borrower as set forth in that certain Secured Promissory Note (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Note"), and other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Guarantee (all of the foregoing, together with the Note, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements").

Due to the close business and financial relationships between Borrower and the undersigned ("Guarantor"), in consideration of the benefits which will accrue to Guarantor and as an inducement for and in consideration of Lender making loans and advances and providing other financial accommodations to Borrower pursuant to the Note and the other Financing Agreements, Guarantor hereby agrees in favor of Lender as follows:

1. Guarantee.

(a) Guarantor absolutely and unconditionally guarantees and agrees to be liable for the full and indefeasible payment and performance when due of the following (all of which are collectively referred to herein as the "Guaranteed Obligations"): (i) all obligations, liabilities and indebtedness of any kind, nature and description of Borrower to Lender and/or its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under the Note, the other Financing Agreements or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Note or after the commencement of any case with respect to Borrower under the United States Bankruptcy Code or any similar statute (including, without limitation, the payment of interest and other amounts, which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in any such case and including loans, interest, fees, charges and expenses related thereto and all other obligations of Borrower or its successors to Lender arising after the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Lender and (ii) all expenses (including, without limitation, attorneys' fees and legal expenses) incurred by Lender in connection with the preparation, execution,

delivery, recording, administration, collection, liquidation, enforcement and defense of Borrower's obligations, liabilities and indebtedness as aforesaid to Lender, the rights of Lender in any collateral or under this Guarantee and all other Financing Agreements or in any way involving claims by or against Lender directly or indirectly arising out of or related to the relationships between Borrower, Guarantor or any other Obligor (as hereinafter defined) and Lender, whether such expenses are incurred before, during or after the initial or any renewal term of the Note and the other Financing Agreements or after the commencement of any case with respect to Borrower or Guarantor under the United States Bankruptcy Code or any similar statute.

(b) This Guarantee is a guaranty of payment and not of collection. Guarantor agrees that Lender need not attempt to collect any Guaranteed Obligations from Borrower, Guarantor or any other Obligor or to realize upon any collateral, but may require Guarantor to make immediate payment of all of the Guaranteed Obligations to Lender when due, whether by maturity, acceleration or otherwise, or at any time thereafter. Lender may apply any amounts received in respect of the Guaranteed Obligations to any of the Guaranteed Obligations, in whole or in part (including attorneys' fees and legal expenses incurred by Lender with respect thereto or otherwise chargeable to Borrower or Guarantor) and in such order as Lender may elect.

(c) Payment by Guarantor shall be made to Lender at the office of Lender from time to time on demand as Guaranteed Obligations become due. Guarantor shall make all payments to Lender on the Guaranteed Obligations free and clear of, and without deduction or withholding for or on account of, any setoff, counterclaim, defense, duties, taxes, levies, imposts, fees, deductions, withholding, restrictions or conditions of any kind. One or more successive or concurrent actions may be brought hereon against Guarantor either in the same action in which Borrower or any other Obligor is sued or in separate actions. In the event any claim or action, or action on any judgment, based on this Guarantee is brought against Guarantor, Guarantor agrees not to deduct, set-off, or seek any counterclaim for or recoup any amounts which are or may be owed by Lender to Guarantor.

(d) It is acknowledged that this Guaranty, the Note and the other Financing Agreements are being executed in connection with the execution of a certain Franchise Agreement (the "Franchise Agreement") by and between Borrower and Lender or an affiliate of Lender. Notwithstanding the generality of the foregoing provisions or any other contrary provision hereof, the guaranty obligation contemplated hereunder shall be non-recourse and shall not apply except in the following cases: (i) fraud or misrepresentation in connection with the execution or performance of the Franchise Agreement, the Note or any other Financing Agreements; (ii) theft or conversion of the assets of Lender or any of Lender's affiliates (including Aerus LLC) including any consigned goods or proceeds from the sale of any consigned good (which may include selling such consigned goods at prices below the required prices); (iii) misuse or infringement of any trademark or other item of intellectual property or right owned or licensed by Lender or any of Lender's affiliates (including Aerus LLC); or (iv) breach or violation of any license granted under the Franchise Agreement concerning such trademarks and intellectual property.

2. Waivers and Consents.

(a) Notice of acceptance of this Guarantee, the making of loans and advances and providing other financial accommodations to Borrower and presentment, demand, protest, notice

of protest, notice of nonpayment or default and all other notices to which Borrower or Guarantor is entitled are hereby waived by Guarantor. Guarantor also waives notice of and hereby consents to, (iii) any amendment, modification, supplement, extension, renewal, or restatement of the Note and any of the other Financing Agreements, including, without limitation, extensions of time of payment of or increase or decrease in the amount of any of the Guaranteed Obligations, interest rate, fees, other charges, or any collateral, and the guarantee made herein shall apply to the Note and the other Financing Agreements and the Guaranteed Obligations as so amended, modified, supplemented, renewed, restated or extended, increased or decreased, (iv) the taking, exchange, surrender and releasing of collateral or guarantees now or at any time held by or available to Lender for the obligations of Borrower or any other party at any time liable on or in respect of the Guaranteed Obligations or who is the owner of any property which is security for the Guaranteed Obligations (individually, an "Obligor" and collectively, the "Obligors"), (v) the exercise of, or refraining from the exercise of any rights against Borrower or any other Obligor or any collateral and (vi) the settlement, compromise or release of, or the waiver of any default with respect to, any of the Guaranteed Obligations. Guarantor agrees that the amount of the Guaranteed Obligations shall not be diminished and the liability of Guarantor hereunder shall not be otherwise impaired or affected by any of the foregoing.

(b) No invalidity, irregularity or unenforceability of all or any part of the Guaranteed Obligations shall affect, impair or be a defense to this Guarantee, nor shall any other circumstance which might otherwise constitute a defense available to or legal or equitable discharge of Borrower in respect of any of the Guaranteed Obligations, or Guarantor in respect of this Guarantee, affect, impair or be a defense to this Guarantee. Without limitation of the foregoing, the liability of Guarantor hereunder shall not be discharged or impaired in any respect by reason of any failure by Lender to perfect or continue perfection of any lien or security interest in any collateral or any delay by Lender in perfecting any such lien or security interest. As to interest, fees and expenses, whether arising before or after the commencement of any case with respect to Borrower under the United States Bankruptcy Code or any similar statute, Guarantor shall be liable therefor, even if Borrower's liability for such amounts does not, or ceases to, exist by operation of law. Guarantor acknowledges that Lender has not made any representations to Guarantor with respect to Borrower, any other Obligor or otherwise in connection with the execution and delivery by Guarantor of this Guarantee and Guarantor is not in any respect relying upon Lender or any statements by Lender in connection with this Guarantee.

(c) Guarantor hereby irrevocably and unconditionally waives and relinquishes all statutory, contractual, common law, equitable and all other claims against Borrower, any collateral for the Guaranteed Obligations or other assets of Borrower or any other Obligor, for subrogation, reimbursement, exoneration, contribution, indemnification, setoff or other recourse in respect to sums paid or payable to Lender by Guarantor hereunder and Guarantor hereby further irrevocably and unconditionally waives and relinquishes any and all other benefits which Guarantor might otherwise directly or indirectly receive or be entitled to receive by reason of any amounts paid by or collected or due from Guarantor, Borrower or any other Obligor upon the Guaranteed Obligations or realized from their property.

3. Subordination. Payment of all amounts now or hereafter owed to Guarantor by Borrower or any other Obligor is hereby subordinated in right of payment to the indefeasible

payment in full to Lender of the Guaranteed Obligations and all such amounts and any security and guarantees therefor are hereby assigned to Lender as security for the Guaranteed Obligations.

4. Acceleration. Notwithstanding anything to the contrary contained herein or any of the terms of any of the other Financing Agreements, the liability of Guarantor for the entire Guaranteed Obligations shall mature and become immediately due and payable, even if the liability of Borrower or any other Obligor therefor does not, upon the occurrence of any act, condition or event which constitutes an Event of Default as such term is defined in the Note.

5. Unlimited, Absolute and Unconditional Guaranty. Except as provided in any Rider attached hereto (if applicable), this Guarantee is continuing, unlimited, absolute and unconditional. All Guaranteed Obligations shall be conclusively presumed to have been created in reliance on this Guarantee. Guarantor shall continue to be liable hereunder until one of Lender's officers actually receives a written termination notice from Guarantor sent to Lender at its address set forth above by certified mail, return receipt requested and thereafter as set forth below. Revocation or termination hereof by Guarantor shall not affect, in any manner, the rights of Lender or any obligations or duties of Guarantor under this Guarantee with respect to (i) Guaranteed Obligations which have been created, contracted, assumed or incurred prior to the receipt by Lender of such written notice of revocation or termination as provided herein, including, without limitation, (ii) all amendments, extensions, renewals and modifications of such Guaranteed Obligations (whether or not evidenced by new or additional agreements, documents or instruments executed on or after such notice of revocation or termination), (iii) all interest, fees and similar charges accruing or due on and after revocation or termination, and (iv) all attorneys' fees and legal expenses, costs and other expenses paid or incurred on or after such notice of revocation or termination in attempting to collect or enforce any of the Guaranteed Obligations against Borrower, Guarantor or any other Obligor (whether or not suit be brought), or (v) Guaranteed Obligations which have been created, contracted, assumed or incurred after the receipt by Lender of such written notice of revocation or termination as provided herein pursuant to any contract entered into by Lender prior to receipt of such notice. The sole effect of such revocation or termination by Guarantor shall be to exclude from this Guarantee the liability of Guarantor for those Guaranteed Obligations arising after the date of receipt by Lender of such written notice which are unrelated to Guaranteed Obligations arising or transactions entered into prior to such date. Without limiting the foregoing, this Guarantee may not be terminated and shall continue so long as the Note shall be in effect (whether during its original term or any renewal, substitution or extension thereof).

6. Amendments and Waivers. Neither this Guarantee nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Lender. Lender shall not by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

7. Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

(a) The validity, interpretation and enforcement of this Guarantee and any dispute arising out of the relationship between Guarantor and Lender, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Texas (without giving effect to principles of conflicts of law).

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

(c) Guarantor hereby waives personal service of any and all process upon Guarantor and consents that all such service of process may be made by registered or certified mail (return receipt requested) directed to his or her address set forth on the signature pages hereof and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the mails, or, at Lender's option, by service upon Guarantor in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Guarantor shall appear in answer to such process, failing which Guarantor shall be deemed in default and judgment may be entered by Lender against Guarantor for the amount of the claim and other relief requested.

(d) GUARANTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (ix) ARISING UNDER THIS GUARANTEE OR ANY OF THE OTHER FINANCING AGREEMENTS OR (x) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF GUARANTOR AND LENDER IN RESPECT OF THIS GUARANTEE OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. GUARANTOR HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT GUARANTOR OR LENDER MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF GUARANTOR AND LENDER HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Lender shall not have any liability to Guarantor (whether in tort, contract, equity or otherwise) for losses suffered by Guarantor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Guarantee, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Lender that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Lender shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of the Note and the other Financing Agreements.

8. Notices. All notices, requests and demands hereunder shall be in writing and (a) made to Lender at its address set forth above and to Guarantor at his or her address set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and (b) deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by registered or certified mail, return receipt requested, five (5) days after mailing.

9. Partial Invalidity. If any provision of this Guarantee is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Guarantee as a whole, but this Guarantee shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

10. Entire Agreement. This Guarantee represents the entire agreement and understanding of the parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written. **THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

11. Successors and Assigns. This Guarantee shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Lender and its successors, endorsees, transferees and assigns.

12. Construction. All references to the term "Guarantor" wherever used herein shall mean Guarantor and his or her heirs, executors, administrators, successors and assigns (including, without limitation, any receiver, trustee or custodian for Guarantor or any of his or her assets or Guarantor in his or her capacity as debtor or debtor-in-possession under the United States Bankruptcy Code). All references to the term "Lender" wherever used herein shall mean Lender and its successors and assigns and all references to the term "Borrower" wherever used herein shall mean Borrower and its successors and assigns (including, without limitation, any receiver, trustee or custodian for Borrower or any of its assets or Borrower in its capacity as debtor or debtor-in-possession under the United States Bankruptcy Code). All references to the term "Person" or "person" wherever used herein shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability company, limited

liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof. All references to the plural shall also mean the singular and to the singular shall also mean the plural.

IN WITNESS WHEREOF, Guarantor has executed and delivered this Guarantee as of the day and year first above written.

WITNESS:

_____

GUARANTOR:

_____

Name: _____

Address: _____

_____

STATE OF _____ §
§ ss.:
COUNTY OF _____ §

On this _____ day of _____, 20___ before me personally came _____, to me known, to be the individual described in and which executed the foregoing instrument.

_____
Notary Public

EXHIBIT 4

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Connecticut	Banking Commissioner Department of Banking Securities and Business Investments Division	260 Constitution Plaza Hartford, CT 06103-1800
Hawaii	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Securities Commissioner Securities Division	302 West Washington Street Room E111 Indianapolis, IN 46204
Maryland	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building 1st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222
North Dakota	North Dakota Insurance & Securities Department	600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505-0510
Oregon	Division of Financial Regulation Department of Consumer & Business Services	350 Winter Street, NE Room 410 Salem, OR 97301-3881 (503) 378-4140
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
South Dakota	Department of Labor and Regulation Division of Insurance - Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501-3185
Virginia	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051
Washington	Securities Division Department of Financial Institutions	P.O. Box 41200 Olympia, WA 98504-1200 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Avenue Suite 300 Madison, WI 53703

EXHIBIT 5

LIST OF AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner Of Financial Protection and Innovation California Department Of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Connecticut	Banking Commissioner Department of Banking Securities and Business Investments Division	260 Constitution Plaza Hartford, CT 06103-1800
Hawaii	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Secretary of State	302 West Washington Street Room E018 Indianapolis, IN 46204
Maryland	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building 1st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York	Secretary of State	99 Washington Avenue Albany, NY 12231-0001
North Dakota	Insurance Commissioner North Dakota Insurance & Securities Department	600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance - Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501-3185

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
Virginia	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Avenue Suite 300 Madison, WI 53703

EXHIBIT 6

LIST OF AERUS BUSINESSES AND
LIST OF AERUS BUSINESSES WHO LEFT THE SYSTEM

FRANCHISEE-OWNED AERUS STANDARD AND AERUS ASSOCIATE BUSINESSES AS OF DECEMBER 31, 2025 (UNITED STATES)

Franchisee Principal and Franchisee Name	Telephone	Street Address	City	ST	ZIP
M.C. Thompson (M.C.T. Enterprises, LLC)	(256)845-6185	2207C Gault Avenue North	Fort Payne	AL	35967
Mark Grochowski (MSTMAR, INC.)	(256)881-9194	2608 Artie Street Suite #2	Huntsville	AL	35805
Wm. Scott Percevault (Niagara Services, Inc.	(205)410-2851	3141 Lorna Road Suite 202 A	Birmingham	AL	35216
Jessica Hildebrand (PH Enterprises LLC)	(501)666-0385	6701 W 12th Street Suite 1	Little Rock	AR	72204
Siraj Bilgrami (Bilgrami & Associates, LLC)	(623) 476-2927	4494 W Peoria Ave., Suite 114	Glendale	AZ	85302
Bill Sidhu (Healthy Home Solutions)	(661)396-0937	1007 Stine Road	Bakersfield	CA	93309
Bill Sidhu (Healthy Home Solutions)	(951) 244-2644	24370 Canyon Lake Drive North Suite 7B	Canyon Lake	CA	92587
Bill Sidhu (Healthy Home Solutions)	(559)448-0331	5341 North Blackstone	Fresno	CA	93710
Bill Sidhu (Healthy Home Solutions)	(562)422-0106	5814 Bellflower Blvd	Lakewood	CA	90713
Bill Sidhu (Healthy Home Solutions)	(626)792-1108	2990 East Colorado Blvd Suite 102	Pasadena	CA	91107
Bill Sidhu (Healthy Home Solutions)	(415)564-7610	1855 Lawton St	San Francisco	CA	94122
Bill Sidhu (Healthy Home Solutions)	(310)375-4100	3903 Pacific Coast Highway Suite A	Torrance	CA	90505
Bill Sidhu (Healthy Home Solutions)	(626)919-1876	228 South Glendora Ave	West Covina	CA	91790
Hamid Basirat (HB Associates LLC)	(970)482-7733	1532 E Mullberry Unit A	Fort Collins	CO	80524
Brian Lamke (Pure Water & Air Solutions, Inc)	(303)232-8966	7727 W 6th Avenue Ste D	Lakewood	CO	80214
Rob Ardito (Healthy Home Solutions, LLC)	(203)281-5422	1392 Dixwell Avenue	Hamden	CT	06514
Vincent Aspromonti (Monti Industries, LLC / AERUS Electrolux)	(203)237-8941	1231 East Main St	Meriden	CT	06450
Dan McCrory (MacDandy Enterprises, Inc.)	(203)846-3269	172 Main Street	Norwalk	CT	06851
Paul Quagliaroli (B & P Vacuums, LLC)	(860)388-0811	105 Elm. Street	Old Saybrook	CT	06475
Vincent Aspromonti (Monti Industries, LLC / AERUS Electrolux)	(860)236-4251	37 South Main Street	West Hartford	CT	06107
Nicole Walsh (Healthy Homes Inc.)	(302)998-1001	3925 Kirkwood Highway	Wilmington	DE	19808
Enedis Fajardo (VF Best Cleaning System Inc)	(305)223-4321	9810 SW 40th Street	Miami	FL	33165
Don Martin (DMANSR Enterprises, Inc.)	(407)895-0266	4664 E Colonial Dr	Orlando	FL	32803
George Papadantonakis (Champion Health Home Solutions)	(941)727-9332	3505 Main Street	St. Zolfo Springs	FL	33890
Darin Zauner (DandM, Inc.)	(321)723-5852	1639 S Wickham Rd	West Melbourne	FL	32904
Don Martin (DMANSR Enterprises, Inc.)	(727)312-5003	5609 US Hwy 19 Suite A	New Port Richey	FL	34652
Janet Luisi (RJD Clean Living, Inc.)	(770)428-4772	840 Ernest W Barrett Parkway NW Suite 474	Kennesaw	GA	30144
Alaa-Eldin Heikal (Kare Enterprises of South Georgia, Inc.)	(229)244-2109	1418 East Park Avenue	Valdosta	GA	31602
Aaron Calhoun (CALHOUN HHP, INC)	(515)266-8390	2428 Easton Blvd	Des Moines	IA	50317
Aaron Calhoun (CALHOUN HHP, INC)	(712)262-5850	524 Grand Ave	Spencer	IA	51301
Hamid Basirat (HB Associates LLC)	(208)522-5787	529 Lomax	Idaho Falls	ID	83401
Bob Barton (KBMG, INc.)	(217)352-0040	1401 N Prospect Avenue	Champaign	IL	61820
Dan Brown (Company Clean Inc)	(630)830-2600	6602 Barrington RD. Suite E	Hanover Park	IL	60133

Franchisee Principal and Franchisee Name	Telephone	Street Address	City	ST	ZIP
Tom Campanella (Campanella Cleaning Solutions Inc.)	(847)949-4222	900 N. Lake Street Suite 100	Mundelein	IL	60060
Duckworth Scott Cheline Billi (BSN Home Necessities, Inc.)	(309)454-9433	1709 S Veterans Parkway Suite C	Bloomington	IL	61701
Bob Barton (KBMG, INc.)	(217)793-8144	1305 Wabash Avenue Suite K	Springfield	IL	62704
Brian Lamke (Guardian Water & Air Systems LLC)	(913) 268-5721	7905 Bond Street	Lenexa	KS	66214
Wayne Hillman (Wayne's Vac Shop, LLC)	(859)278-6015	370 Longview Plaza	Lexington	KY	40503
Dan Welker (Kentuckiana Home Products Inc.)	(502)425-9568	104 Vieux Carre Drive	Louisville	KY	40222
Maria Botelho (MBOTELHO LLC)	(508)984-1225	245 State Road	Dartmouth	MA	02747
Loren Conley (Boss Lady, LLC)	(978)696-5286	1187 B Water St	Fitchburg	MA	01420
Al Boom (Boom Enterprizes, Inc.)	(617)527-3224	1199 Walnut St	Newton Highlands	MA	02461
Eric Miner (Miner Filtration Industries LLC	(413)387-0130	245 Russel Street Suite 1	Hadley	MA	01035
Eric Miner (Miner Filtration Industries LLC)	(413)283-6249	1501 N. Main Street	Palmer	MA	01069
Woods, Roger Hirschfeld, Mike (Boston Vacuum Center, LLC.)	(781)224-7405	16 Albion St.	Wakefield	MA	01880
Clive Taylor (C & G Healthy Home Enterprise, Inc.)	(410)263-2621	1908 Forest Drive Suite 1A	Annapolis	MD	21401
Al Lewis (Al's Floor Care Inc.)	(410)574-1880	6050 Rossville Blvd	Baltimore	MD	21221
Dave Petersen (D.F. Petersen Enterprises Inc.)	(410)879-7591	1308 E Churchville Road	Bel Air	MD	21014
Wayne Bailey (Bailey, Inc.)	(410)465-0663	3230 Bethany Ln, Unit 7	Ellicott City	MD	21042
Mariam Kourouma (Healthy Home Experts of Maryland)	(410)761-8850	321 Crain Hwy SE	Glen Burnie	MD	21061
Evers, Steve Sullivan, William (Clean Environment LLC)	(410)882-1027	1965 Greenspring Drive G16	Timonium	MD	21093
Joe Mannisto (C & M Enterprises Inc.)	(207)622-0125	198 Western Avenue Suite 9	Augusta	ME	04330
Alan Bolster (ASB Enterprises, Inc.)	(207)989-5143	434 Wilson St	Brewer	ME	04412
Joe Mannisto (C&M Enerprises, Inc.)	(207)871-8610	352 Warren Avenue, Unit 1	Portland	ME	04103
Siraj & Darla Bilgrami (Healthy Environment Living Products by Design, LLC)	(763)553-1570	2415 Annapolis Lane D120	Plymouth	MN	55441
Jason Hubbard (Hubbard's Vacuum Sales & Services, Inc.)	(601)977-0008	731 South Pear Orchard Rd Suite 20 Odyssey Shp Ctr	Ridgeland	MS	39157
Hamid Basirat (HB Associates LLC)	(406)761-0460	815 9th Street South	Great Falls	MT	59405
Craig Tate (Carolina Healthy Home Consultants, Inc.)	(704)785-9798	1096 Concord Pkwy N, Suite 16	Concord	NC	28027
Charles Boudreau (Carolina Home Solutions 1 Inc.)	(252)756-6711	1902 A Charles Blvd Suite A	Greenville	NC	27858
Charles Boudreau	252-633-5113	2615 Trent Road	New Bern	NC	28562
Craig Tate (Carolina Healthy Home Consultants, Inc.)	(828)256-2191	2338 Springs Rd NE	HICKORY	NC	28601
Shannon Smith (Ariel II Associates, Inc.)	(910)791-6727	927 S College Rd	Wilmington	NC	28403
Claude (David) Smith (Smith Floor Care, LLC)	(336)724-5578	2864 Reynolda Road	Winston Salem	NC	27106
Hamid Basirat (HB Associates LLC)	(701)223-4867	2318 Memorial Highway Suite 2	Mandan	ND	58554
Richard Lehmkuhl (R.L. Husky, Inc.)	(973)627-0991	445 E Main Street	Denville	NJ	07834
Mridul Gandotra (Home Care Products &parts LLC)	(201)568-1797	106 West Palisade Avenue Suite 102	Englewood	NJ	07631

Franchisee Principal and Franchisee Name	Telephone	Street Address	City	ST	ZIP
Irina Ten (Morgana US, Inc.)	(973)227-1727	239 Route 46 West	Fairfield	NJ	07004
John Trotte (JAGT, INC.)	(732)224-9099	555 Shrewsbury Avenue #N	Shrewsbury	NJ	07702
Steve Cichowski (Starial Corp.)	(732) 667-5475	326 Route 22 West Suite 11 B	Green Brook	NJ	08812
John Zappala (Deluxe Vacuum Cleaners, LLC)	(856)691-5101	2587 S. Delsea Dr. Suite C	Vineland	NJ	08360
David Gray (Clean Home Solutions Enterprises)	(518) 608-5670	1770 Central Ave.	Albany	NY	12205
Mavis Dixon (M.S. Dixon, Inc.)	(914)241-1550	760 N Bedford Rd	Bedford Hills	NY	10507
Aaron Bertram (Bertram Healthy Living Solutions Inc.)	(315)468-1611	3704 Milton Ave	Camillus	NY	13031
Avni Kastrati (AB Home Appliances Inc)	(631)462-1920	285 Commack Rd #8	Commack	NY	11725
Robert Carroll (RSC Vacuum Sales & Service Inc)	(516)681-6960	69 Broadway	Hicksville	NY	11802
Jodi Kierpiec (Western New York Floor Care Products, Inc.)	(607)324-7010	200 Main Street	Hornell	NY	14843
Gerry Stepman (G Force Enterprises, Inc.)	(845)634-8781	59 South Main Street	New City	NY	10956
Romilnor Destra (R & M Floor Care, LLC)	(516)358-0385	1207 Jerico Turnpike	New Hyde Park	NY	11040
Donald Barnikel (D & B Island Enterprises, Inc.)	(631)475-2544	453-455 East Main Street	Patchogue	NY	11772
Jodi Kierpiec Western New York Floor Care Products, Inc.)	(585)654-9393	1102 Culver Road NW # 300	Rochester	NY	14609
Aaron Bertram (Bertram Healthy Living Solutions Inc.)	(315)788-5280	23862 NY State Route 126	Watertown	NY	13601
Adisa Music (Sanel Appliances)	(914) 834-9540	135 Larchmont Avenue	Larchmont	NY	10538
Donald Barnikel (D & B Island Enterprises, Inc.)	(631)661-0625	210 Union Boulevard	West Islip	NY	11795
Betty Keaton (ACSA, LLC)	(513)871-8810	7201 Wooster Pike, Suite 7243	Cincinnati	OH	45227
Betty Keaton (ACSA, LLC)	(614)875-6600	3038 Southwest Blvd	Grove City	OH	43123
Jim Henline (Jim Henline Vacs, Inc.)	(330)792-1471	5233 Mahoning Ave	Youngstown	OH	44515
Phillip Witmer (P & P Vacuums, Inc.)	(717)243-6220	227 Penrose Place	Carlisle	PA	17013
Phillip Witmer (P & P Vacuums, Inc.)	(717)263-8551	1495 Lincoln Way E Suite 102	Chambersburg	PA	17202
Wm. Scott Percevault (Niagara Services, Inc.)	(717)939-0471	917 Eisenhower Blvd	Harrisburg	PA	17111
Serae Clarke (Pure4Life LLC)	(610)449-4489	447 Westchester Pike	Havertown	PA	19083
Wm. Scott Percevault (Niagara Services, Inc.)	(570)819-1571	200 E End Centre	Wilkes-Barre	PA	18702
Eric Miner (Miner Filtration Industries LLC)	(401) 823-5222	1276 Bald Hill Road Summit Square	Warwick	RI	02886
Glenn Griffin (Carolina Vacuum & More, Inc.)	(864)235-4959	1540 F Wade Hampton Blvd	Greenville	SC	29609
Jason Hubbard (Hubbard's Vacuum Sales and Services of TN, LLC)	(901)757-9101	1134 N. Germantown Parkway Suite 108	Cordova	TN	38016
Jason Hubbard (Hubbard's Vacuum Sales and Services of TN, LLC)	(731668-6753	24 Federal Drive	Jackson	TN	38305
Macy Kidwell (Kidwell Indigo Enterprises, LLC)	(512) 443-2831	6114 Hwy 290 West	Austin	TX	78735
Caryn Bessire (B-D Home Tech Inc. DBA AERUS Electrolux)	(409)899-1860	6585 Eastex Frwy	Beaumont	TX	77706
Siraj Bilgrami (Bilgrami & Associates, LLC)	(915) 581-6955	7232 N. Mesa Street	El Paso	TX	79925
Steve Pace (SSAP LLC)	(817)377-1561	5801 Curzon Ave Suite 1H	Fort Worth	TX	76107

Franchisee Principal and Franchisee Name	Telephone	Street Address	City	ST	ZIP
Seth Kovel (Kovel Healthy Home, Inc)	(832)237-9880	8220 Louetta Rd # 164	Spring	TX	77379
Hedy McClellan (H D Health Enterprises Inc.)	(801)773-5777	1598 North Hill Field Road Ste E	Layton	UT	84041
Jay Harris (J W Healthy Living Systems, Inc.)	(801)532-5917	745 East 3300 South	Salt Lake City	UT	84106
Peter Ricotta (Cville Vacuum, LLC)	(434)295-9141	1333 East High St	Charlottesville	VA	22902 2290
Betty Satterwhite (R&B Vacuums, Inc.)	(804)527-2775	10833 B West Broad Street	Glen Allen	VA	23060
Mike Gargiulo (Tidewater Healthy Home Consultants, Inc.)	(757)427-3600	1120 Green Run Square	Virginia Beach	VA	23452
Chuck Hicks (Colonial Vacuum Services Inc.)	(757)253-8619	6530 Richmond Road	Williamsburg	VA	23188
David P Ricard (Ricard and Family Enterprises)	(802)775-0069	162 N. Main St, Suite 8	Rutland	VT	05701
David P Ricard (Ricard and Family Enterprises)	(802)658-2081	4049 Williston Rd	S. Burlington	VT	05403
Mohammad Harandi Fasih (LUXYMO L.L.C.)	(206)632-3150	8917 Lake City Way NE Suite C24	Seattle	WA	98115
Mohammad Harand Fasih	(253)474-9202	2913 S 38th Street	Tacoma	WA	98409
Joe Delvecchio (Joe Delvecchio, LLC.)	(715)832-3566	3148 London Road	Eau Claire	WI	54701
Joe Delvecchio (Joe Delvecchio, LLC.)	(608)781-5566	2239 George Street	Lacrosse	WI	54603
Joe Delvecchio (Joe Delvecchio, LLC.)	(608)833-9422	6514 Odana Road Suite 1	Madison	WI	53719
Joe Delvecchio (Joe Delvecchio, LLC.)	(715)355-0010	4203 Schofield Avenue Suite 4	Weston	WI	54476
Dennis Taylor (DTaylor Enterprises, Inc.)	(304)624-6539	418 Buckhannon Pike	Clarksburg	WV	26301

FRANCHISEE-OWNED AERUS STANDARD AND AERUS ASSOCIATE BUSINESSES AS OF DECEMBER 31, 2025 (CANADA)

Franchisee Principal and Franchisee Name	Telephone	Street Address	City	ST	ZIP
Samer Amin (1892897 Alberta Ltd)	(403)249-5563	3-3915 Edmonton Trail NE	Calgary	AB	T2E6T1
Donald Hallett (DH Associates, Inc.)	(780)463-9457	8015 Roper Road NW	Edmonton	AB	T6E6S4
Hormoz Bakhtiary (Electrovacs Enterprises LTD.)	(780)532-2719	Unit 104-9823 116th Ave	Grande Prairie	AB	T8V3Y3
Judy Budd (K & J Sales Ltd.)	(403)327-4481	506 3rd Ave. S.	Lethbridge	AB	T1J0H3
Hormoz Bakhtiary (Electrovacs Enterprises LTD.)	(604)205-5448	3895 E Hastings Street	Burnaby	BC	V5C2H7
Hormoz Bakhtiary (Electrovacs Enterprises LTD.)	(604)792-4296	9244 Main Street	Chilliwack	BC	V2P4M7
Hormoz Bakhtiary (Electrovacs Enterprises LTD.)	(250)374-2232	1390 Hillside Dr #7	Kamloops	BC	V2E0A6
Saeed Vaezi (Electro & Beyond Appliances Ltd)	(250)860-2320	#112 - 1755 Springfield Rd	Kelowna	BC	V1Y5V5
Hormoz Bakhtiary (Electrovacs Enterprises LTD.)	(604)980-6507	1822 Lonsdale Ave	North Vancouver	BC	V7M1T4
Farshad Moozeh (MFVAC, INC.)	(250)564-7235	1873 First Avenue	Prince George	BC	V2L2Y8
Hormoz Bakhtiary (Electrovacs Enterprises, LTD)	(604)270-8055	6220 NO. 3 Road	Richmond	BC	V6Y2B3
Jeff Donald (Hillside Holdings Ltd. c/o AERUS Electrolux)	(506)635-8893	800 Fairville Blvd. West Wind Place	Saint John	NB	E2M5T4
Eugene Bartlett (EBB Healthy Living)	(709)726-0101	31 Stravanger Drive	St. John's	NL	A1A5E8
Eugene Bartlett (EBB Healthy Living)	(902)455-8200	30 Damascus Road Suite 109	Bedford	NS	B4A0C1
Kenny Macdonald (KGL Healthy Homes)	(902)564-6223	477 Grand Lake Rd	Sydney	NS	B1P5T3
John Brobbin (J.M.A.M Brobbin Limited)	(902)742-9139	500 Main Street Unit 1	Yarmouth	NS	B5A1H7
Parveen Agnihotri (Trend Home Care Solutions, Inc.)	(705)728-3392	35 Cedar Pointe Drive Unit #43	Barrie	ON	L4N5R7
Richard Chadwick (Global Home Solutions Inc.)	(905)459-4006	UNITS 1 & 2 188 MAIN STREET SOUTH	Brampton	ON	L6W2E2
Syedmuhammad Kazmi (Five Star Solutions)	(613)384-9288	1792 Bath Road	Kingston	ON	K7M4Y2
Batstone (Healthy Solutions Sales & Service)	(519)893-7344	2285 Kingsway Drive	Kitchener	ON	N2C1A3
Stephen Babbar (1595617 Ontario, Inc)	(519)432-8367	69 Wharncliffe Road North	London	ON	N6H2A5
Parveen Agnihotri (Trend Home Care Solutions, Inc.)	(416)225-1173	9174 Yonge Street Unit 5	Richmond Hill	ON	L4C7A1
Abdul Waheed (687937-3 CANADA INCORPOREE)	(416)750-2425	1095 Ellesmere Rd. Unit 2	Scarborough	ON	M1P2W9
Anwar Tajdeen (A & S Healthy Homes Inc.)	(416)252-5825	1114 The Queensway	Toronto	ON	M8Z1P7
Anwar Tajdeen (A & S Healthy Homes Inc.)	(416)789-3401	3427 Bathurst St	Toronto	ON	M6A2C1
Anwar Tajdeen (A & S Healthy Homes Inc.)	(416)763-1481	3018 Dundas Street West	Toronto	ON	M6P1Z3
Mike Crawley (BREATH OF FRESH AIR INDOOR SERVICES, INC.)	(519)944-7800	5428 Tecumseh Rd E	Windsor	ON	N8T1C7
Jeff Donald (Hillside Holdings Ltd. c/o AERUS Electrolux)	(902)894-8012	393 UNIVERSITY AVE	Charlottetown	PE	C1A4N4
Rezai-Ganzagh Gholamreza (KYD Enterprise, Inc.)	(514)735-5329	4961-B Queen Mary Rd `	Montreal	QC	H3W1X4
Massimo Brunetti (9132-8591 Quebec, Inc.)	(514)636-4600	77 Donegani	Pointe Claire	QC	H9R2W1
Massimo Brunetti (9132-8591 Quebec, Inc.)	(514)489-9353	355 Avenue Victoria	Westmount	QC	H3Z2N1
Bob Stewart (B & P Stewart Enterprises)	(306)244-5972	2750 Faithfull Ave Bay 115	Saskatoon	SK	S7K6M6
Marlon Zacharias (MD Zacharias Enterprises Inc)	(306)862-4125	348B 1st Avenue East Box 632	Nipawin	SK	S0E1E0

TRANSFERS AS OF DECEMBER 31, 2025

Company Name	Last Known Address	City	State	Zip Code	Last Known Home No.
Avni (Tony) Kastrati (ARTA Home Appliances Inc.)	135 Larchmont Avenue	Larchmont	NY	10538	(847) 866-2500
David Davis (D L Davis Vacuums Inc.)	24 Federal Drive	Jackson	TN	38305	(602) 269-2163
Jack Fenner (Kenosha Enterprises, Inc.)	6114 Hwy 290 West	Austin	TX	78735	(512) 288-3591

LIST OF FORMER FRANCHISEES AS OF DECEMBER 31, 2025

Company Name	Last Known Address	City	State	Zip Code	Last Known Home No.
David Davis (D L Davis Vacuums, Inc.)	15480 Highway 13 Suite B	Russellville	AL	35654	(602) 269-2163
Mike Stephens (Clean Health Inc.)	4404 W Walnut Blvd Suite 5	Rogers	AR	72756	(479) 899-6909
Neil Davies (Davies & Bubak, LLC)	8421 University Suite E	Clive	IA	50325	(515) 201-3959
Jeff Wright and Shawna Palmer (Wright's Health Home LLC)	115 E Broadway	Boliva	MO	65613	(417) 300-6265
Mike Heard (Heard and Associates, Inc.)	1817 Sixth St	Meridian	MS	39301	(601) 917-5885
Gary Boggs (Boggs Home Health Inc.)	6513 West Wilkinson Blvd	Belmont	NC	28212	(704) 915-2961
Anthony Pirozzi (DiTone Inc.)	19 Morris Avenue	Springfield	NJ	07081	(609) 655-0732
Bruce Mclelland (B&D Healthy Homes LLC)	4601 W Sahara Ave Suite B	Las Vegas	NV	89102	(602) 820-8906
Romilnor Destra (R&M Floor Care, LLC)	4706 Bell Blvd	Bayside	NY	11361	(718) 464-1236
Raymond Dicaire (Orleans Vacuums, Inc.)	2742 St. Joseph Blvd	Orleans	ON	Klelg5	(613) 830-2701
Samad Taghizadeh (Sam Home Solutions LLC)	8948 SW Barbur	Portland	OR	97219	(714) 273-0516
Mike Gargiulo (Tidewater Healthy Home Consultants, Inc.)	5524 Williamson Rd Unit 10	Roanoke	VA	24012	(757) 563-0083

EXHIBIT 6

LIST OF AERUS BUSINESSES SIGNED BUT NOT OPEN AS OF DECEMBER 31, 2025

None.

EXHIBIT 7

COMMITMENT LETTER

_____
_____
_____
(insert your name and address on the lines above)

_____, 20___
(today's date)

Aerus Franchising, LLC
14841 Dallas Parkway, Suite 500
Dallas, Texas 75254
Attention: Franchising—Legal Department

Re: Commitment Letter and Good Faith Deposit
_____ (Location)

Dear Aerus Franchising:

After reviewing the Franchise Disclosure Document and considering the terms and conditions of being an Aerus Franchisee (an "Aerus Franchisee"), I am writing to express my interest in and commitment to becoming an Aerus Franchisee and, if applicable, acquiring the business assets (the "Assets") of the existing Aerus business location identified above. I have completed my independent research of the Aerus Franchising opportunity and would like to be considered for the awarding of an Aerus Franchise (an "Aerus Franchise").

Included with this commitment letter is my non-refundable and non-transferable $100.00 "Good Faith Deposit." Although the deposit is non-refundable and non-transferable concerning my commitment hereunder, I understand the deposit is fully refundable if you do not confirm me as an Aerus Franchisee. I also understand that if I am accepted by you as an Aerus Franchise and successfully complete all of the conditions, including attending the required training program, the deposit will be applied at closing toward either my down payment for the Assets or the Initial Franchise Fee. The deposit is not otherwise refundable and will not otherwise be applied to any payments.

This commitment letter represents my commitment to becoming an Aerus Franchisee upon the execution and acceptance by you of all necessary documents and my full satisfaction of all other conditions. I realize that this commitment letter does not require me to become an Aerus Franchisee, does not constitute an offer for an Aerus Franchise or otherwise obligate Aerus to grant me a franchise and does not convey to me any rights with respect to Aerus or an Aerus Franchise.

I look forward to your response.

Best regards,

_____ *[signature]*
_____ *[printed name]*

I am interested in [check one box only]:

☐ Standard Program ☐ Associate Program ☐ Beyond Addendum

EXHIBIT 8

MANUAL TABLE OF CONTENTS

EXHIBIT 8

AERUS FRANCHISING, LLC

MANUAL TABLE OF CONTENTS

EXHIBIT 8

TABLE OF CONTENTS OF OPERATIONS MANUAL

Manual	**Number of Pages**
Franchise Office Automation System	151
Franchising Accounting System & Tools	80
Employment Training Independent Contractors Employment Law	223
Sales and Recruiting	213
Product Training and Service Repair	224
Best Practices	64
Franchise Office and Automation System Service Aftermarket Operations Manual	138
Origins by Aerus Natural Water System	48
Aerus Franchise LLC Policies & Procedure	160
Marketing & Advertising Guidelines	51
Total	**1352**

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	Pending
Hawaii	Not Registered
Illinois	Pending
Indiana	Not Registered
Maryland	Pending
Michigan	Not Registered
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Not Registered
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPTS

RECEIPT PAGE
(Your Copy)

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

If Aerus Franchising, LLC 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 with the Franchisor or an affiliate in connection with the proposed franchise sale or grant.

Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the 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 Aerus Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed in Exhibit 4.

The franchisor is Aerus Franchising, LLC located at 14841 Dallas Parkway, Suite 500, Dallas, TX 75254. Its telephone number is (800) 572-0321.

Issuance Date: May 18, 2026

The franchise seller for this offering is:

☐ Kevin Hickey, President, 14841 Dallas Parkway, Suite 500, Dallas, TX 75254, 214-378-4000

☐ Jason Johnson, VP Sales Operations, 1300 Valley Drive, Bristol, VA 24201, 276-645-2600

☐ _____

Aerus Franchising, LLC authorizes the respective state agencies identified on Exhibit 5 to receive service of process for it in the particular state.

I received a franchise disclosure document dated May 18, 2026 that included the following exhibits:

State Addenda (California, Illinois, Maryland, Minnesota, New York, North Dakota, South Dakota, Virginia, Washington, Wisconsin)
Exhibit 1 – Financial Statements
Exhibit 2(a) – Franchise Agreement (Standard Program), Lease Rider, Software License Agreement and Consigned Products Security Agreement

Exhibit 2(b) – Franchise Agreement (Associate Program), Lease Rider, Software License Agreement and Consigned Products Security Agreement
Exhibit 2(c) – Beyond Addendum
Exhibit 3 – Secured Promissory Note, Security Agreement and Guaranty
Exhibit 4 – List of State Administrators
Exhibit 5 – List of Agents for Service of Process
Exhibit 6 – List of Aerus Businesses and List of Aerus Businesses Who Have Left the System
Exhibit 7 – Commitment Letter
Exhibit 8 – Manual Table of Contents

PROSPECTIVE FRANCHISEE:

If a corporation or other business entity:

_____
(Name of Entity)

By: _____
(Signature)

By: _____
(Print Name)

By: _____
(Date)

If an individual:

_____
(Signature)

_____
(Printed Name)

_____
(Date)

Please sign and date this copy of the receipt page, print your name and return it to Aerus Franchising, LLC, Attention: Legal Department, 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254.

(RETAIN FOR YOUR FILES)

RECEIPT PAGE
(Aerus' Copy)

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

If Aerus Franchising, LLC 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 with the Franchisor or an affiliate in connection with the proposed franchise sale or grant.

Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the 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 Aerus Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed in Exhibit 4.

The franchisor is Aerus Franchising, LLC located at 14841 Dallas Parkway, Suite 500, Dallas, TX 75254. Its telephone number is (800) 572-0321.

Issuance Date: May 18, 2026

The franchise seller for this offering is:

☐ Kevin Hickey, President, 14841 Dallas Parkway, Suite 500, Dallas, TX 75254, 214-378-4000

☐ Jason Johnson, VP Sales Operations, 1300 Valley Drive, Bristol, VA 24201, 276-645-2600

☐ _____

Aerus Franchising, LLC authorizes the respective state agencies identified on Exhibit 5 to receive service of process for it in the particular state.

I received a franchise disclosure document dated May 18, 2026 that included the following exhibits:

State Addenda (California, Illinois, Maryland, Minnesota, New York, North Dakota, South Dakota, Virginia, Washington, Wisconsin)
Exhibit 1 – Financial Statements
Exhibit 2(a) – Franchise Agreement (Standard Program), Lease Rider, Software License Agreement and Consigned Products Security Agreement

Exhibit 2(b) – Franchise Agreement (Associate Program), Lease Rider, Software License Agreement and Consigned Products Security Agreement
Exhibit 2(c) – Beyond Addendum
Exhibit 3 – Secured Promissory Note, Security Agreement and Guaranty
Exhibit 4 – List of State Administrators
Exhibit 5 – List of Agents for Service of Process
Exhibit 6 – List of Aerus Businesses and List of Aerus Businesses Who Have Left the System
Exhibit 7 – Commitment Letter
Exhibit 8 – Manual Table of Contents

PROSPECTIVE FRANCHISEE:

If a corporation or other business entity:

_____
(Name of Entity)

By: _____
(Signature)

By: _____
(Print Name)

By: _____
(Date)

If an individual:

_____
(Signature)

_____
(Printed Name)

_____
(Date)

Please sign and date this copy of the receipt page, print your name and return it to Aerus Franchising, LLC, Attention: Legal Department, 14841 Dallas Parkway, Suite 500, Dallas, Texas 75254.

(RETURN TO AERUS)