



## FRANCHISE DISCLOSURE DOCUMENT

Cleanfran, LLC  
A New York Limited Liability Company  
87 Grant Avenue  
Auburn, NY 13021  
(315) 383-8333  
[www.cleanstartsystems.com](http://www.cleanstartsystems.com)

The franchise offered is a specialty services business providing commercial janitorial and cleaning services, as well as offering related services and products.

The total initial investment necessary to begin operation of a CLEANSTART SYSTEMS business is from \$30,300 to \$38,400. This includes \$24,900 paid to the franchisor.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Cleanfran, LLC, 87 Grant Avenue, Auburn, NY 13021, (315) 383-8333.

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

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

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

**Issuance date: March 5, 2025**

## 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only CLEANSTART SYSTEMS business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a CLEANSTART SYSTEMS franchisee?</b>	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 C.

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. The Franchise Agreement requires you to resolve disputes with us by mediation, arbitration or litigation only in New York. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with us in New York than in your own state.

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.

**CLEANSTART SYSTEMS®**

DISCLOSURE DOCUMENT

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**DISCLOSURE DOCUMENT**  
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**EXHIBITS:**

- A. Franchise Agreement
- B. Financial Statements
- C. List of State Administrators and List of State Agents for Service of Process
- D. Copy of Current Form of General Release
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## **Item 1: The Franchisor and any Parents, Predecessors, and Affiliates**

Cleanfran, LLC, the franchisor of the CLEANSTART SYSTEMS franchise, is referred to in this disclosure document as “we,” “us,” or “our” as the context requires. A franchisee is referred to in this disclosure document as “you” and “your” as the context requires, and your franchise business is referred to as the “Franchised Business”. Our unique and distinctive system for operating CLEANSTART SYSTEMS businesses is referenced as the “System” and our current and future trade names, trademarks, service marks and trade dress used to identify CLEANSTART SYSTEMS businesses and the services and products offered by CLEANSTART SYSTEMS businesses, including the “CLEANSTART SYSTEMS” mark and the distinctive color scheme and signage of CLEANSTART SYSTEMS businesses is referred to as the “Marks”. “Methods of Operation” refers to our mandatory and suggested specifications, standards, operating procedures and rules that we prescribe for the operation of the Franchised Business, as communicated to you in any form.

The Franchisor. We are a limited liability company formed under New York law on December 10, 2015. Our principal business address is 87 Grant Avenue, Auburn, NY 13021. Our agent or agents to receive service of process, if any, are identified in attached Exhibit “C” to the Franchise Disclosure Document. We intend to do business under our corporate name and under the CLEANSTART SYSTEMS name. We sell franchises for the operation of CLEANSTART SYSTEMS businesses. We do not have a predecessor.

We have been offering CLEANSTART SYSTEMS franchises for sale since June, 2016. Cleanfran, LLC has not in the past and does not now operate a business of the type being franchised. We have not in the past and do not now engage in other business activities. We do not now and have never in the past offered franchises in any other lines of business.

Our Affiliates. Clean Start Systems, LLC, a limited liability company formed under New York law on March 15, 2005, is our affiliate. Clean Start Systems, LLC operates under the CLEANSTART SYSTEMS tradename. Clean Start Systems, LLC’s principal business address is located at 87 Grant Avenue, Auburn, NY 13021. Your franchise is modeled after the commercial janitorial and cleaning services business operated by Clean Start Systems, LLC. Clean Start Systems, LLC does not now and has never in the past offered franchises in any line of business. You may conduct business directly with Clean Start Systems, LLC, as under the terms of the Franchise Agreement Clean Start Systems, LLC may be an approved supplier of services and products to your Franchised Business.

The Franchised Business. CLEANSTART SYSTEMS businesses are specialty services businesses providing commercial janitorial and cleaning services, as well as offering related services and products. Additionally CLEANSTART SYSTEMS businesses may elect to offer electrostatic disinfection services for commercial, institutional, industrial and residential facilities, antimicrobial treatment services, environmental containment services, and related services and products.

The Franchised Business will require you to operate an approved vehicle on a routine basis as typically you will provide our authorized services at customer business locations, although

occasionally there may be some services you provide at other locations. You must use required equipment and tools maintained in compliance with our System and standards and must use required cleaning products we authorize and approve.

Customer Accounts. We will independently solicit and establish contractual relationships with third parties for the provision of commercial janitorial and cleaning services. We may elect to retain certain customer accounts (each a “Retained Customer Account”) and offer you the opportunity to provide for us to a Retained Customer Account our authorized cleaning and janitorial services in full compliance with the terms of our contract with the Retained Customer Account. At all times we maintain the right to authorize and approve who may provide services and products to any Retained Customer Account, in our sole business judgment.

For certain other customer accounts which we solicit and with which we establish a contractual relationship for the provision of commercial janitorial and cleaning services, we may elect to offer to you the opportunity to purchase the right to be the sole authorized franchisee to provide any contractually agreed services to the customer account (each a “Purchased Customer Account”). Customer account purchase fees payable from you to us are calculated on the expected gross monthly billing for a customer account.

Currently we offer a 10% discount of the total amount payable for a Purchased Customer Account in the event you elect to pay in full for the Purchased Customer Account prior to providing services to the Purchased Customer Account. If you elect not to pay in full for the Purchased Customer Account, in our sole business judgment we may offer you the option to pay for the Purchased Customer Account in equal monthly installments of either 12 or 18 months with no interest payable. If you elect to pay for the Purchased Customer Account in 12 monthly installments, you must pay an initial down payment equal to 20% of the total amount for the Purchased Customer Account and the remaining amount of the Purchased Customer Account will be paid in 12 equal monthly installments. If you elect to pay for the Purchased Customer Account in 18 monthly installments, you must pay an initial down payment equal to 25% of the total amount for the Purchased Customer Account and the remaining amount of the Purchased Customer Account will be paid in 18 equal monthly installments. You must sign a Promissory Note and Security Agreement for any Purchased Customer Account you elect to finance with us (see Exhibit “F” to the Franchise Disclosure Document for a sample of the required financing documents you must sign for any financed Purchased Customer Account).

You may independently solicit and establish contractual relationships with third parties for the provision of commercial janitorial and cleaning services. You will pay us a reduced royalty for any gross revenue you derive from providing services or products to a Purchased Customer Account or to any customer account that you establish independently of our assistance.

We may invoice any and all of your customer accounts under our Methods of Operation. We may maintain any and all of your accounts receivable under our Methods of Operation and, in this event we will use commercially reasonable efforts to collect all amounts owed to you from your customer accounts that we maintain.

Generally our services are sold to businesses requiring janitorial or cleaning services. There is no seasonality to the Franchised Business. CLEANSTART SYSTEMS businesses operate under our distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop or otherwise modify periodically.

Competition. The commercial janitorial and cleaning services industry is a highly competitive and developed market, which can be affected significantly by many factors, including changes in local, regional or national economic conditions, and increases in the number of competing businesses. Various factors can adversely affect the business, including weather, inflation, increases in labor and energy costs, fluctuating interest and insurance rates, federal, state and local laws and regulations, licensing requirements, and the availability of an adequate number of hourly-paid employees. There are other competing businesses operating nationally, regionally and locally and some of these businesses have greater financial resources and longer operating histories.

Industry Specific Laws and Regulations. You should consider that certain aspects of this business may be regulated by federal, state and local laws, regulations, rules and ordinances in addition to the laws, regulations, rules, and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act. Some jurisdictions may have specific licensing, bonding, insurance, criminal background checks and similar requirements which may be applicable to the Franchised Business.

In addition to laws that apply to businesses generally, there may be laws or regulations specific to the services and products offered by this type of business in the state or local area in which you will operate your franchise. You will need to comply with Federal Environmental Protection Agency laws and regulations governing storage, use and disposal of chemicals and with any similar state or local laws. These are only examples of some, but not all, of the laws and regulations with which you may need to comply in the state or local area in which you will operate your CLEANSTART SYSTEMS Franchised Business. It is your responsibility to fully investigate and to comply with any and all such laws or regulations in your state or local area. You should fully investigate all laws and regulations applicable to operating the Franchised Business before you decide to purchase a franchise.

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

We also may enter into joint venture or partnership arrangements with existing franchisees or others to develop CLEANSTART SYSTEMS businesses. The parties negotiate the terms of these arrangements. Depending on the precise terms of these arrangements, these CLEANSTART SYSTEMS businesses may be considered to be either company-owned or franchised CLEANSTART SYSTEMS businesses for purposes of this Franchise Disclosure Document.

Depending on the circumstances, the financial and other terms may vary materially from the standard terms of our Franchise Agreement.

**Item 2: Business Experience**

**Robert Blount, Managing Member**

Robert Blount is our Managing Member, a position he has held since December, 2015. Mr. Blount also is the Managing Member of our affiliate Clean Start Systems, LLC, a position he has held since March, 2005.

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**Item 5: Initial Fees**

You will pay us an initial franchise fee in the amount of \$24,900 when you sign your Franchise Agreement. The initial franchise fee is fully earned and non-refundable in consideration of our entering into the Franchise Agreement.

Currently the franchise fee is uniform to all franchisees purchasing a CLEANSTART SYSTEMS business, with the possible exceptions of the sale of company-owned CLEANSTART SYSTEMS businesses and joint ventures that we control (see Item 1). We have the right to alter the Initial Franchise Fee periodically as business circumstances warrant.

**Item 6: Other Fees**

**Franchise Agreement**

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Interest <sup>1</sup>	Varies	When underlying obligation is paid <sup>3</sup>	Highest contract rate of interest permitted by law. See Section 2.2. of the Franchise Agreement

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty <sup>1</sup>	Varies from 10% to 4% of Gross Revenue <sup>2</sup>	Each calendar month due on the 5 <sup>th</sup> day following the end of the prior month.	The Royalty percentage payable in a calendar month may be reduced depending on your total Gross Revenue for that month. See the separate Table in Note 4 below. Paid to us for our ongoing support and your use of the Marks and System. See Section 3.1. of the Franchise Agreement
Administrative Support Services Fee <sup>1</sup>	3% of Gross Revenue <sup>2</sup>	Each calendar month when the Royalty is paid.	Paid to us for customer services, billing, and collection services we provide to the Franchised Business. See Section 3.2. of the Franchise Agreement
Account Purchase Fee <sup>1</sup>	For customer accounts with expected monthly gross billings less than \$10,000, the fee is calculated by multiplying 1 month of expected monthly gross billings for the customer account and 2.75%. For customer accounts with expected monthly gross billings \$10,000 or more, the fee is calculated by multiplying 1 month of expected monthly gross billings for the customer account and 2.5%.	When you elect to purchase the customer account	Paid to us for any customer account you elect to purchase from us and of which you accept the designation of sole authorized provider of any contractually agreed services to the customer account. Currently we offer a 10% discount of the total amount payable for any Purchased Customer Account in the event you pay in full initially. See Section 3.4. of the Franchise Agreement.
Technology Fee <sup>1</sup>	\$100	When the Royalty is paid.	Paid to us for ongoing access to our online systems. See Section 3.5. of the Franchise Agreement.
Service Fee <sup>1</sup>	\$50 per man hour for any individual required to service your customer account plus all our related expenses.	When billed from us.	Paid to us if we have to perform services for your customer accounts. See Section 3.6. of the Franchise Agreement.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Professional Organization Fees	Varies, but estimated not to exceed \$2,000 annually	Varies	Paid to any professional organizations to which we require you to belong. See Section 3.7 of the Franchise Agreement
Additional Owner or Employee Initial Training Fees <sup>1</sup>	\$250 per person	Prior to the initial training session	Paid to us if you want additional individuals to attend initial training. See Section 7.1. of the Franchise Agreement
Additional Ongoing Required Training Fees <sup>1</sup>	Varies	As we may require	Paid to us for additional required training during the term of the Franchise Agreement. See Section 7.2. of the Franchise Agreement
Supplementary Training Fees <sup>1</sup>	Varies	As mutually agreed	Paid to us for training additional individuals during the term of the Franchise Agreement. See Section 7.3. of the Franchise Agreement
Per Day Fee <sup>1</sup>	Up to \$300 per person, subject to change	As we may require	Paid to us if you need us to help you operate the Franchise. See Section 9.1.8. of the Franchise Agreement
Advertising Fund Ad Fee <sup>1</sup>	Varies from 2% to 1% of Gross Revenue <sup>2</sup>	Monthly when the Royalty is paid	The Ad Fee percentage payable in a calendar month may be reduced depending on your total Gross Revenue for that month. See the separate Table in Note 4 below. Paid to us to promote the Marks and the System regionally or nationally. See Sections 3.1 and 13.1 of the Franchise Agreement.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Auditing Costs <sup>1</sup>	Actual Costs	Reimbursement of our actual auditing costs	We assess this charge only for audits needed in the event you fail to comply with the Franchise Agreement, fail to allow full access to your records, or we find that you underreported your Gross Revenue by 2% or more for two or more reporting periods. See Section 15.3. of the Franchise Agreement
Transfer Fee <sup>1</sup>	\$5,000, plus all our reasonable other fees and costs incurred in approving the transfer	Concurrently with the transfer	Paid to us if you want to transfer the Franchise to a third party. See Section 16.2. of the Franchise Agreement
Renewal Franchise Fee <sup>1</sup>	\$5,000	Concurrently with our granting a renewal of your franchise	Paid to us if you sign a new franchise agreement upon expiration of the initial franchise agreement. See Section 17.2. of the Franchise Agreement
Costs and Attorney's Fees <sup>1</sup>	Actual Costs	Reimbursement of our actual costs	Paid to us by you for accounting, attorney and other professional fees if an action is brought against you for breach of the Franchise Agreement. See Section 21.9. and 21.12.4. of the Franchise Agreement

## Notes

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

<sup>2</sup> As used in this Franchise Disclosure Document, the term "Gross Revenue" means the total revenue and other consideration you receive from operating the Franchised Business, including, but not limited to, all amounts you receive for services, goods or merchandise sold at or away from the franchise location, and whether from cash, check, credit, or barter transactions, and including e-commerce transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer

refunds, adjustments, credits and allowances actually made by the Franchised Business in compliance with our Methods of Operation.

<sup>3</sup> Interest begins from the date any payment is due.

<sup>4</sup> The Royalty and Ad Fee percentage amount payable from you to us for any specific calendar month (the “Accounting Period”) during the term of the Franchise Agreement is dependent on the total Gross Revenue derived by the Franchised Business during the Accounting Period, as identified in the Table below:

<b>Gross Revenue Derived by the Franchised Business During the Accounting Period</b>	<b>Royalty Amount Payable for that Accounting Period</b>	<b>Ad Fee Amount Payable for that Accounting Period</b>
\$0 to \$19,999	10%	2%
\$20,000 to \$39,999	9%	2%
\$40,000 to \$79,999	8%	2%
\$80,000 to \$99,999	7%	2%
\$100,000 to 124,999	6%	1.5%
\$125,000 to \$149,999	5%	1.5%
\$150,000 to \$199,999	4.5%	1.25%
\$200,000 and above	4%	1%

**Item 7: Estimated Initial Investment**

**Your Estimated Initial Investment**

**Franchise Agreement**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee <sup>1</sup>	\$24,900	Lump sum	When you sign the Franchise Agreement	Franchisor
Leasehold Improvements and Signage <sup>2</sup>	\$0	As Arranged	As Arranged	Approved Suppliers
Vehicle <sup>3</sup>	\$0	As Arranged	As Arranged	Approved Suppliers
Capital Equipment and Supplies <sup>4</sup>	\$1,000 - \$2,000	As Arranged	As Arranged	Approved Suppliers
Technology, Office Equipment and Supplies <sup>5</sup>	\$1,000 - \$3,000	As Arranged	As Arranged	Approved Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Paid
Start-Up Marketing <sup>6</sup>	\$500 - \$1,000	As Arranged According to Methods of Operation	As Arranged According to Methods of Operation	Advertisers
Insurance <sup>7</sup>	\$800 - \$1,000	Lump sum payment of first year premium	Prior to opening	Insurance companies
Professional Fees <sup>8</sup>	\$300 - \$1,000	Terms vary	Terms vary	Accountants, lawyers, etc.
Licenses/Bonds <sup>9</sup>	\$200 - \$400	Lump sum on application	Prior to opening	Government agencies and bonding companies
Your Out-of-Pocket Expenses While Attending Training <sup>10</sup>	\$600 - \$2,100	Terms vary	Terms vary	Airfare, ground transportation, meals, lodging, etc.
Working Capital (Additional Funds over next 3 months) <sup>11</sup>	\$1,000 - \$3,000	Terms vary	Amount varies over the next 3 months	Before and during the 3 month period after beginning to operate
Total	\$30,300 - \$38,400 (excludes the acquisition of real property)			

The expenses in Item 7 are estimates of your initial investment in one Franchised Business prior to beginning to operate and for the first three months after opening. Typically all of the amounts you expend for the items listed in the table above are non-refundable, although third parties from which you obtain goods or services needed to operate the Franchised Business may have a refund policy for certain authorized events such as a timely cancellation of a request for goods or services. Neither we, nor any affiliate, finance any of the amounts identified in the Estimated Initial Investment table above.

We cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on how closely you follow the CLEANSTART SYSTEMS Methods of Operation, your management skill, experience and business acumen, local economic conditions, the acceptance by local consumers of our approved services and products, prevailing wage rates, competition, etc. We haven't included an estimate regarding real estate acquisition costs. We make no representation as to whether any of the estimated investment amounts are refundable. We relied upon our Affiliate's experience in operating a similar business to the Franchised Business in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

- Note 1: You will pay us an initial franchise fee in the amount of \$24,900 when you sign your Franchise Agreement. The initial franchise fee is fully earned and non-refundable in consideration of our entering into the Franchise Agreement.
- Note 2: We have not provided an estimate for leasehold improvements or signage as typically you may operate the Franchised Business from your home.
- Note 3: We have not provided an estimate for a vehicle as typically you may have already a vehicle that complies with our specifications.
- Note 4: This is an estimate of the cost of obtaining necessary equipment, tools, and initial cleaning supplies. The low amount is the minimum for required equipment, tools, and initial cleaning supplies while the high amount includes additional optional equipment you may elect to obtain.
- Note 5: The high estimated amount is for the cost of purchasing a computer and for any other office equipment or supplies that you don't own already.
- Note 6: The estimated amounts include the cost of the purchase of brochures, business cards, and related marketing materials.
- Note 7: This is an estimate of the entire first year premium for the Franchised Business, which may be payable in installments during the year.
- Note 8: Professional fees include any amounts you spend for accounting or legal services in establishing the Franchised Business.
- Note 9: The estimated amount is for any required licenses or bonds you need to obtain.
- Note 10: You must pay all travel, accommodation, and living expenses for any individuals who attend the initial training program.
- Note 11: This estimate includes working capital for the first 3 months of operating the Franchised Business. These figures are estimates based upon our experience in opening and operating our company-owned business, and we cannot assure you that you will not have additional expenses in starting your Franchised Business.

**Item 8: Restrictions on Sources of Products and Services**

The personal property listed in Item 7 must be purchased by you from us, our approved suppliers or according to our specifications. As of the Issuance Date of this Franchise Disclosure Document, none of our officers own any interest in any of our approved suppliers other than in our affiliate.

You may only offer the services and products that we authorize and approve. Approved suppliers and specifications are contained in our Operations Manual. Approved suppliers and

specifications are determined based on the current needs for operating the Franchised Business. Presently, you are not required to use any proprietary computer software or hardware.

We may require that you purchase all cleaning products from us or from our approved supplier.

We evaluate approved suppliers based on price, service, quality, and other commercially reasonable benchmarks. The identity of approved suppliers and these specifications are updated periodically in writing by modifying the appropriate pages of the Operations Manual. We will send you modified pages through the United States Mail or by any other commercially reasonable means. We have procedures for approving vendors and suppliers you recommend. It takes up to 90 days to evaluate new vendors or suppliers.

We may approve or disapprove any supplier, and we may approve a supplier conditionally, provided, however, that approval will not be withheld unreasonably. In evaluating any supplier you propose, we will, subject to reasonable restrictions and conditions to protect our trade secrets and confidential information, disclose to the proposed supplier applicable standards, specifications, processes, and procedures for the item in sufficient detail to enable the proposed supplier to demonstrate fully its capacity and capabilities to supply the items. Within 90 days after we receive all requested information, we will communicate to you in writing our decision to approve or disapprove your proposed supplier. We may disapprove any supplier who we previously approved, and you may not, after receipt of notice of disapproval, reorder from any supplier we have disapproved.

We may prescribe procedures for the submission of requests for approval and impose obligations on approved suppliers, which will be incorporated in a written license agreement with the supplier. We may obtain from you and/or the approved supplier reimbursement of our reasonable costs and expenses incurred in the approval process and on-going monitoring of the supplier's compliance with our requirements. We estimate the typical range of supplier/product review costs may be from \$500 to \$2,000.

We do not act as an agent, representative or in any other intermediary or fiduciary capacity for you in our relationship with an alternative supplier you propose and we approve. We may impose limits on the number of approved suppliers. We have the right to monitor the quality of goods or services provided by approved suppliers in a manner we deem appropriate and may terminate any supplier who does not meet our quality standards and specifications, as may be in effect periodically.

We attempt to negotiate purchase agreements with approved suppliers for the benefit of our company locations and franchisees. We do not provide material benefits (for example, renewal or additional franchises) to a franchisee based on the use of designated or approved suppliers.

We may offer you the opportunity to purchase promotional items bearing our logotype, including shirts, pens, mugs, letterhead, and related promotional materials. If you purchase any products or services from us or any affiliate, the maximum markup you will pay us is 50% over our cost for the product or service plus any related shipping costs.

The total estimated proportion of all required purchases and leases from approved vendors in relation to all purchases and leases you will make in establishing the business is 11% to 18%. The total estimated proportion of all required purchases and leases from approved vendors in relation to all purchases and leases you will make in operating the business is less than 20%.

We may terminate your franchise if you purchase services and goods that are not according to our specifications or that are not from our approved suppliers.

In our fiscal year ending December 31, 2024, there was no revenue derived either by the Franchisor, or by our Affiliate, from required purchases by franchisees.

There are no purchasing or distribution cooperatives at this time.

Insurance.

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

Identified below are the types and minimum coverage amounts that currently we require for each franchised CLEANSTART SYSTEMS business per location. If your state requires greater coverage amounts for the categories listed below, you must obtain and maintain coverage as required by your state. We may require you to use our designated insurer as a condition of the Franchise Agreement.

<b><u>Policy Type:</u></b>	Commercial Package	
<b><u>Term:</u></b>	12 Months	
<b><u>Policy Limits:</u></b>	Per Occurrence	\$1,000,000
	General Liability Aggregate:	\$2,000,000
	Products/Completed Operations Aggregate:	\$1,000,000
	Personal Injury and Advertising:	\$1,000,000
	Non-Owned Auto:	\$1,000,000

**Workers’ Compensation:**                      Statutory (with All States Broad Form)

**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.**

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/ lease	5.3	7 and 11
b. Pre-opening purchases / leases	5.4, 5.5, 5.6	8
c. Site development and other pre-opening requirements	5	6, 7 and 11
d. Initial and ongoing training	7	11
e. Opening	5	11
f. Fees	2.1, 2.2, 3.1, 3.2, 3.4, 3.5, 3.6, 3.7, 7.1, 7.2, 7.3, 9.1.8, 13.1, 15.3, 16.2, 17.2, 21.9, 21.12.4	5 and 6
g. Compliance with standards and policies / Operations Manual	8, 9, 11	11
h. Trademarks and proprietary information	10, 11	13 and 14
i. Restrictions on products/services offered	5, 8	16
j. Warranty and customer service requirements	8.1.14	11
k. Territorial development and sales quotas	Not applicable	12
l. Ongoing product/service purchases	5.5, 5.6, 8	8
m. Maintenance, appearance and remodeling requirements	5, 8	11
n. Insurance	8.1.13	7 and 8
o. Advertising	13	6 and 11
p. Indemnification	24.4	6
q. Owner's participation/ management/staffing	4.1, 8.1.8	11 and 15
r. Records/reports	8.1.12, 14	6
s. Inspections/audits	15	6 and 11
t. Transfer	16	17
u. Renewal	17	17
v. Post-termination obligations	19	17
w. Non-competition covenants	12, 19.4	17
x. Dispute resolution	21.9, 21.12, 21.13, 21.14	17

**Item 10: Financing**

We may offer you financing for the purchase of customer accounts. We do not offer any other direct or indirect financing. The following table summarizes the financing we may offer you for the purchase of cleaning accounts.

**SUMMARY OF FINANCING OFFERED**

<u>Item Financed (Source)</u>	<u>Amount Financed</u>	<u>Down Payment</u>	<u>Term (Months)</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Prepay Penalty</u>	<u>Security Required</u>	<u>Liability Upon Default</u>	<u>Loss of Legal Rights Upon Default</u>
Customer Accounts (Us)	Up to 100% of the price of the Account (5)	20% if you elect to pay for the Customer Account in 12 installments. 25% if you elect to pay for the Customer Account in 18 installments.	12 months or 18 months	None	Varies Depending on the Amount Financed	None	Partner or Shareholder Guarantee and Pledge of the Franchise (2)	Acceleration of Amounts Due; Fees (3)	Waiver of Trial by Jury and Right to Interpose Any Defense, Set-Off or Counterclaim of Any Nature or Description (4)

CLEANSTART SYSTEMS financing documents are attached as Exhibit “F” to this disclosure document.

**NOTES:**

(1) In order to assist franchisees to operate the business, we will finance up to 100% of the price of customer accounts (“Purchased Customer Accounts”) that we may sell to you. The financed amount of the Purchased Customer Account is evidenced by a Promissory Note and is payable over a twenty four month period in equal monthly installments with no interest payable. We reserve the right to change the terms and amounts financed. (A copy of our Promissory Note and our Security Agreement appear in this Franchise Disclosure Document as an attachment to Exhibit “F” of the Franchise Disclosure Document.

(2) If your business is a corporation, limited liability company, or other recognized legal entity, the Promissory Note must be guaranteed individually by all owners (See Exhibit “F” of the Franchise Disclosure Document). The Promissory Note must be secured by your franchise.

(3) In the case of nonpayment or other default under the Promissory Note, we can require immediate payment of all amounts due us, and/or terminate the franchise, and we can also collect our reasonable attorneys’ fees and all costs and expenses of collection. (See Exhibit “F” to this Franchise Disclosure Document).

(4) The maker of the Promissory Note, in any litigation arising out of or relating to the note in which a holder of the Promissory Note is an adverse party, waives trial by jury and the right to interpose any defense, set-off or counterclaim of any nature or description. (See Exhibit “F” to this Offering Circular).

(5) The one-time non-refundable purchase price that we may sell you a Purchased Customer Account is the product of our expected gross monthly billing for one (1) month of servicing the Purchased Customer Account and a percentage amount. For customer accounts with expected monthly gross billings less than \$10,000, the amount payable is calculated by multiplying 1 month of expected monthly gross billings for the customer account and 2.75%. For customer accounts with expected monthly gross billings \$10,000 or more, the amount payable is calculated by multiplying 1 month of expected monthly gross billings for the customer account and 2.5%. For example, the cost for you to purchase a Purchased Customer Account which has expected gross monthly billings in the amount of \$1,000 is the product of \$1,000 Dollars and 2.75 (\$1,000 x 2.75 = \$2,750).

We do not guarantee your note, lease, or obligation. We and our affiliates have no past practice or future intent to sell, assign or discount to a third party all or part of the financing arrangement. We and our affiliates do not receive direct or indirect payments or other consideration from any person for the placement of financing with a 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.**

Our obligations prior to opening your CLEANSTART SYSTEMS franchise (with cites to the relevant Franchise Agreement Sections) include:

Granting you a franchise to operate a CLEANSTART SYSTEMS business (Section 1);

Allowing you to use our Operations Manual (Section 8). We offer our Operations Manual as guidance in the operation of your Franchised Business. You must follow the terms of the Operations Manual's current edition. We may update or revise the Operations Manual periodically. We will provide you with these updates. **Prior to purchasing a franchise, we will provide you with the opportunity to view our Operations Manual at our main office in New York;**

Approving your choice of a location (Section 5). Our concerns regarding your choice of a location for your CLEANSTART SYSTEMS franchise include zoning and physical characteristics of the existing building;

Providing you with specifications for your CLEANSTART SYSTEMS business (Section 5 and Section 8);

Providing you with an initial training program (Section 7);

Our ongoing obligations to you during the operation of your CLEANSTART SYSTEMS franchise includes providing you with general guidance (Section 9), which may include:

Telephone and Internet e-mail consultation during the times outlined in the Operations Manual;

Buying advisory services where we may provide you with lists of sources and approved suppliers of services, products, merchandise, accessories, fixtures, furnishings, equipment, signs, etc.;

Wholesaling services where we may ourselves act as an approved or designated source for services products, merchandise, accessories, fixtures, furnishings, equipment, signs, etc.;

Ongoing marketing programs;

Newsletter services where we may inform you periodically about the current events in the CLEANSTART SYSTEMS franchise program;

Meetings, where we may convene with you and other CLEANSTART SYSTEMS franchisees for business or social purposes; and/or

Research and development regarding Methods of Operation.

At your request, we will furnish additional guidance and assistance and, in this case, may charge the per day fees and charges we establish periodically.

If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including per day charges and travel and living expenses for our personnel, will be your responsibility (Sections 7.2 and 7.3).

#### Site Selection (Section 5.3).

You select the site for the business office location for your CLEANSTART SYSTEMS location, subject to our acceptance. If we do not accept a site you propose, you may select another site, subject to our acceptance. Typically you may operate from your home.

You must submit to us information on the proposed site. We will review any proposed site to determine whether to accept or reject the site after considering factors we deem appropriate, including the general location and neighborhood, size, and other physical characteristics of the site. If we accept the site, we will notify you in writing. We will use reasonable efforts to make a site acceptance decision within 10 days after we acknowledge receipt of all information regarding the proposed site that we have requested.

Neither our acceptance of the premises nor any information communicated to you regarding our standard site selection criteria for a CLEANSTART SYSTEMS location will constitute a warranty or representation of any kind, express or implied, as to the suitability of the site for a CLEANSTART SYSTEMS location. Our acceptance of the proposed site merely signifies that we are willing to grant a franchise for a CLEANSTART SYSTEMS location at the site. Your CLEANSTART SYSTEMS franchise location may not be relocated without first obtaining our written consent. (Section 1.2.)

We estimate the time from the date you sign the Franchise Agreement to the date you open your CLEANSTART SYSTEMS location to be between 1 and 3 months. However, this time estimate may vary depending on numerous factors including obtaining equipment, scheduling training, and financing. If you and we cannot reasonably agree on a suitable location for your franchise within 90 days of the Effective Date of your Franchise Agreement, we may terminate the Franchise Agreement and keep your initial franchise fee unless we have agreed with you in writing to extend the amount of time for you to open the Franchised Business.

### Advertising and Promotion.

#### Advertising Fund (Section 13.1.).

We may, in our sole business judgment, establish and administer an Advertising Fund for advertising, marketing and public relations programs and materials as we deem necessary and appropriate, in our sole discretion. The Advertising Fund will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the CLEANSTART SYSTEMS System, including, but not limited to, the costs of preparing and conducting radio, television, print, and Internet-based advertising campaigns; developing, maintaining, and updating a World Wide Website for the CLEANSTART SYSTEMS brand and System on the Internet; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies; purchasing promotional items; and providing promotional and other marketing materials and services to the businesses operating under the CLEANSTART SYSTEMS System. The Advertising Fund may furnish you with samples of advertising, marketing formats, promotional formats and other materials at no additional cost to you when we, in our sole discretion, deem appropriate. Multiple copies of such materials will be furnished to you at our direct cost of producing them plus any related shipping, handling and storage charges.

You must contribute to the Advertising Fund amounts that we establish periodically, as described in Item 6. At our discretion, these funds may be electronically drafted from the designated bank account. CLEANSTART SYSTEMS businesses owned by us or any affiliate are not required to contribute to the Advertising Fund on the same basis. All franchisee businesses may not be required to contribute the same percentage to the Advertising Fund. The Advertising Fund will not spend any money on advertising that is principally a solicitation for the sale of new franchises.

We will have sole business judgment over all aspects of programs financed by the Advertising Fund, including national or regional media, creative concepts, materials, endorsements and agency relationships. Although the Advertising Fund is intended to maximize general recognition and patronage of our trademarks, service marks and associated logotypes for the benefit of all CLEANSTART SYSTEMS businesses, we cannot assure you that any particular CLEANSTART SYSTEMS business will benefit directly or pro-rata from the placement of advertising. There is no requirement that we must spend any amount on advertising in your franchise territory.

We may spend, on behalf of the Advertising Fund, in any fiscal year, an amount that is

greater or less than the aggregate contribution of all CLEANSTART SYSTEMS businesses to the Advertising Fund in that year and the Advertising Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. The Advertising Fund is not audited. We will prepare an annual statement of monies collected and costs incurred by the Advertising Fund and furnish the statement to you upon written request. We will maintain separate bookkeeping accounts for the Advertising Fund.

During our most recently concluded fiscal year ending December 31, 2024, of the Advertising Fund monies we spent, 70% was spent on digital marketing, 15% was spent on Website development, 10% on Brochures and Electronic Brochures, and 5% was spent on local Chamber of Commerce memberships and advertising. We will seek the advice of owners of CLEANSTART SYSTEMS businesses by formal or informal means with respect to the creative concepts and media used for programs financed by the Advertising Fund.

#### Advertising Cooperatives

Presently we do not require you to belong to any regional advertising and promotional cooperative (“Cooperative”). In the future under our Methods of Operation, we could designate any geographical area for the purposes of establishing a Cooperative, and determine whether a Cooperative is applicable to your CLEANSTART SYSTEMS Franchised Business.

#### Computer System (Section 8).

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including: back office and point of sale systems, data, audio, and video systems for use by the CLEANSTART SYSTEMS Franchised Business; printers and other peripheral hardware or devices; archival back-up systems; Internet access mode and speed; and physical, electronic, and other security systems (collectively, the “Computer System”).

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

You must use CleanBid software in the operation of your Franchised Business. CleanBid software is owned by Clean Guru LLC, 1606 Smith Road, Temperance, Michigan 48182, Phone 1-888-531-4878. The estimated cost to you for using the software is \$35 per month. CleanBid software is developed for use in the janitorial and sanitation industry and used for generating proposals for bidding prospective cleaning jobs. Currently there are no additional costs for any optional or required maintenance, updating, upgrading, or support contracts for the Computer System.

At our request, you must purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. We have the right at any time to remotely retrieve and use all data and information from your Computer System or Required Software that we deem necessary or desirable. You must, at your own expense, keep your Computer System in good maintenance and repair and install all additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct periodically in writing.

At this time, franchisees must use a personal or laptop computer that is fully compatible with our Computer System and that includes an information interface capability to communicate electronically with our Computer System. The required computer is a Windows® compatible laptop or personal computer that complies with our specification. The estimated cost of purchasing an acceptable computer is \$500 to \$1000 per computer. A standard acceptable computer is available from multiple online computer vendors or retail computer stores.

You must, at your own expense, upgrade or replace your Computer System whenever we require it, and we have no obligation to assist you in obtaining hardware, software or related services. You may be required, at your own expense, to maintain any service plan that we specify for any required Computer System, and that incorporates any updates to any Computer System that we require. There are no contractual limits on the frequency or cost of your obligation to obtain these types of upgrades. We have the right, as often as we deem appropriate, including on a daily basis, to access all your Computer Systems that you are required to maintain in connection with the operation of the Franchised Business and to retrieve all information relating to the Franchised Business' operations.

#### Web Site (Section 13.7).

You may not promote, offer or sell any products or services relating to your Franchised Business through a website that is independent of our own website. You agree not to promote, offer or sell any products or services relating to your Franchised Business, or to use any of the Marks, through the Internet or through the use of an Internet website without our prior written consent. In connection with any such consent we provide for you to establish a website, we may establish such requirements as we deem appropriate, in our business judgment, including obtaining our prior written approval of any Internet domain name and home page addresses; submission for our approval of all website pages, materials and content; use of all hyperlinks and other links; restrictions on use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has any ownership interest; and obtaining our prior written approval of any modifications.

Your general conduct on the Internet or other electronic media or social media, including your use of the Marks or any advertising, is subject to the terms and conditions of the Franchise Agreement and any other rules or requirements we may specify periodically.

#### Training and Commencement Assistance (Section 7).

Before opening your CLEANSTART SYSTEMS Franchised Business, your Managing Owner (described in Item 15), must successfully complete our initial training program to our

satisfaction, which consists of both classroom and hands-on training covering all phases of our operations, including basic techniques of management. Any on-the-job training will be conducted at a designated CLEANSTART SYSTEMS business. Generally, training begins at least 30 days before opening your CLEANSTART SYSTEMS Franchised Business. Training is held during regular monthly intervals during the year depending on our need to train new franchisees. The instructional material may consist of our Operations Manual, videos, checklists, demonstrations, practice and quizzes.

You must replace any individual who fails to successfully complete the appropriate training program(s) or who otherwise is not qualified to manage or perform the required functions at a CLEANSTART SYSTEMS business. We will not charge any fees for up to 2 people to attend the initial training program. However, you will be responsible for all compensation and expenses (including travel, meals and lodging) incurred in connection with any training programs. Neither you nor your employees will receive any compensation from us for services performed during training.

Pre-opening training will be held at our training location, currently in New York. Initial training consists of 2 days of training for your Managing Owner and 1 total additional owner or employee you elect to enroll in the training program. Any additional individuals whom you elect to attend the initial training will be charged \$250 per person. We may increase or decrease the amount of time for training at any time. Your Managing Owner must attend and successfully complete pre-opening training prior to the opening of your Franchised Business. Failure of the Managing Owner to successfully complete the required initial training program may result in termination of our Franchise Agreement.

Our initial training program will be provided substantially as follows:

TABLE OF SUBJECTS

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
<b>Administration</b> - Financial Planning - Accounting - Payroll - Reporting - Regulatory Compliance	2	0	New York
<b>Cleaning Services Training</b> - Inventory Management - Health and Safety - Equipment - Service Requirements	4	8	New York

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
<b>Sales, Marketing and Customer Service</b> - Sales - Marketing - Customer Service - Community Relations	2	0	New York

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

Robert Blount is our principal franchise trainer. Mr. Blount has experience since 2005 in training individuals in all of the subject areas identified in the table above.

**Item 12: Territory**

Franchise Agreement.

Your Territory. Your Territory will be defined as a specific geographic area identified using commonly understood state, county, municipal or postal area definitions. We will not operate, or license another person to operate another CLEANSTART SYSTEMS business within your Territory. We will take any reasonable steps we consider necessary to prevent any other person from operating a CLEANSTART SYSTEMS business within the Territory upon our becoming aware of any related activity.

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.

You must operate the Franchised Business only within your approved Territory. You may not render services outside your Territory without our prior written approval. You may have the right to enter into agreements for the provision of services at business locations outside the Territory provided that the terms of any such agreements shall be subject to our prior written approval.

Your Business Location (Section 5.3). The Franchise Agreement grants to you the right to own and operate a CLEANSTART SYSTEMS business at a specific business location. You may not conduct the business of your CLEANSTART SYSTEMS business from any site other than the approved premises, or relocate your CLEANSTART SYSTEMS business without our prior written consent. In our sole business judgment we may approve of the relocation of your franchise location in certain limited circumstances, for example where you are no longer able to operate at the approved location and you must move to another location. You must pay all our reasonable expenses incurred in evaluating any proposed relocation site for the Franchised Business and are responsible for all expenses you incur in moving the franchise to the new location.

Our Rights (Section 6.2). Except for rights expressly granted to you under the Franchise Agreement, we retain all of our rights with respect to the Marks, the System and CLEANSTART SYSTEMS businesses anywhere in the world, including the following rights, without compensation to you:

1. outside the Territory we have the right to establish and operate (directly or through an affiliate), and to grant to others the right to establish and operate, any business of any kind;
2. we have the right to establish and operate (directly or through an affiliate), and to grant to others the right to establish and operate, within the Territory and elsewhere, businesses other than CLEANSTART SYSTEMS businesses;
3. we have the right to host one or more websites on the Internet that advertise CLEANSTART SYSTEMS businesses and the services and products they offer and that allow potential customers to contact CLEANSTART SYSTEMS businesses throughout the world, even though a website is accessible to or viewable by persons in the Territory;
4. we have the right to advertise and promote the CLEANSTART SYSTEMS services and products through broadcast, print and electronic media that are broadcast, delivered or otherwise transmitted into the Territory;
5. we have the right to offer and sell any services and products within the Territory and elsewhere under any trade names, trademarks, service marks or trade dress, including the Marks, through any alternative channels of distribution (including Internet sales); and
6. we have the right to acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

National Accounts (Section 6.3). Periodically we may enter into agreements with certain regional or national businesses (“National Accounts”) to provide services to customers at certain National Account locations which may include National Account locations within your Territory. The exclusivity of your Territory shall exclude any National Account locations, and we may offer services or products using the CLEANSTART SYSTEMS Marks or System at National Account locations that are located in your Territory. We will identify and designate any National Accounts in our Operations Manual, and you acknowledge and agree that periodically during the Term of the Agreement we may add or remove National Accounts, in our sole business judgment.

Neither we nor our Affiliate operate or plan to operate or franchise businesses under a different trademark that will sell similar services or goods to those of the Franchised Business. By virtue of signing the Franchise Agreement, you do not obtain any additional options, rights of first refusal, or similar rights to acquire additional franchises.

**Item 13: Trademarks**

The CLEANSTART SYSTEMS logotype is the principal trademark you'll use under license from us through the Franchise Agreement. The CLEANSTART SYSTEMS logotype trademark listed below is registered with the United States Patent and Trademark Office. Since we have a Principal Register federal registration for the CLEANSTART SYSTEMS logotype trademark, we have certain presumptive legal rights granted by a registration.

Our principal trademarks ("Marks") are:

Trademark	Registration Number	Date of Registration	Register
	5,030,642	August 30, 2016	Principal

You must follow our operating procedures when you use the trademarks. You cannot use the trademarks or any other mark as part of your corporate name. You may not use the trademarks in the event you wish to advertise the sale of your franchise.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court. There are no pending infringements, oppositions or cancellations concerning the principal trademarks. There is no pending material litigation involving the principal trademarks. We have filed all required affidavits in relation to our Marks. We have yet been required to file any registration renewals in relation to our Marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the principal trademarks in a manner material to the franchise.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks in the state where your franchise may be located. If it becomes advisable at any time in our business judgment for us and/or you to modify or discontinue the use of any Marks and/or use one or more additional or substitute trademarks or service marks, you are obligated to comply with our directions within a reasonable time after receiving such notice from us.

We may defend you against any third party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the terms of the Franchise Agreement, we will pay the cost of the defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the terms of the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be paid by you.

**Item 14: Patents, Copyrights, and Proprietary Information**

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

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

We do not own rights in, or licenses to, any patents that are material to the franchise and do not have any pending patent applications that are material to the franchise.

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

For the Franchised Business you must designate one "Managing Owner", as defined in the Franchise Agreement. You will provide us with the name and necessary contact information, such as address and telephone numbers, of this person. In the event we need to contact you, we will contact the Managing Owner. This person will have all authority necessary to carry out day to day business decisions, answer any questions or requests we have, and bind you. Your Managing Owner must personally manage and operate the franchise as a primary occupation and you may not, without our prior written consent, delegate your Managing Owner's authority and responsibility with respect to management and operation. There is no minimum equity ownership requirement of the Franchised Business for the Managing Owner.

The Managing Owner must have successfully completed the pre-opening training. If we consent to an "on-premises" manager who is distinct from your Managing Owner, the "on-premises" manager does need not have an equity share in the Franchised Business but must complete all required training. Any "on-premises" manager will need to maintain sufficient contact with the Managing Owner so that we will not need to contact the "on-premises" manager separately from our contact with the Managing Owner.

You and your employees are subject to certain confidentiality requirements. You and your owners are also subject to a covenant not to compete.

You must individually guarantee performance under the Franchise Agreement. Depending on your form of ownership of the Franchised Business (for example, corporation, limited liability company, etc.) other people may also need to sign guarantees of performance. Each of your “Owners” (as defined in the Franchise Agreement) must sign the Franchise Agreement and a personal guaranty. Each of your Owners is bound under the Franchise Agreement to its confidentiality and non-competition provisions. We may require certain managerial employees of the franchise to sign a separate confidentiality agreement with us under our Methods of Operation. We do not require spouses or children of the franchisee or its owners to sign confidentiality agreements, the Franchise Agreement, or a personal guaranty unless the individual has an ownership interest in the franchisee, or is serving in management capacity in the Franchised Business.

**Item 16: Restrictions on What the Franchisee May Sell**

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

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

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

**THE FRANCHISE RELATIONSHIP**

**FRANCHISE AGREEMENT**

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

<i><b>PROVISION</b></i>	<i><b>SECTION IN FRANCHISE AGREEMENT</b></i>	<i><b>SUMMARY</b></i>
a. Length of the franchise term	1.2	Term is 10 years.
b. Renewal or extension of the term	17	Successive 10 year terms may be granted if you are not in default of any provisions of the Franchise Agreement.

<b><i>PROVISION</i></b>	<b><i>SECTION IN FRANCHISE AGREEMENT</i></b>	<b><i>SUMMARY</i></b>
c. Requirements for franchisee to renew or extend	17	Renewal means continued rights to operate in the same Territory as identified in the initial Franchise Agreement. You may need to bring the franchise into compliance with our system standards, and will need to sign a new franchise agreement and pay a renewal franchise fee. The renewal franchise agreement may contain terms or conditions that materially differ from your original Franchise Agreement.
d. Termination by franchisee	18.1	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by franchisor without cause	Not applicable	The Franchise Agreement does not contain such a provision.
f. Termination by franchisor with cause	18	We have the right to terminate the Franchise Agreement with cause.
g. "Cause" defined – curable defaults	18	Certain defaults may be cured by you following your receipt of our written notice.
h. "Cause" defined – non-curable defaults	18	Certain defaults are inherently incurable and will result in termination of the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	19	Pay us what you owe us; cease using the Marks; and follow our termination procedures; transfer all telephone numbers of the Franchised Business to us; give us all copies of your customer lists; cancel fictitious business names, adhere to the covenant not to compete in the Franchise Agreement.
j. Assignment of contract by franchisor	16.1	Fully transferable by us.
k. "Transfer" by franchisee - definition	16.2	Includes any transfer of ownership.
l. Franchisor approval of transfer by franchisee	16.2	Our approval of any transfer is required prior to your transferring the Franchise to a third party. However, will not unreasonably withhold our approval where the proposed transferee meets all our conditions for approval.

<i><b>PROVISION</b></i>	<i><b>SECTION IN FRANCHISE AGREEMENT</b></i>	<i><b>SUMMARY</b></i>
m. Conditions for franchisor approval of transfer	16.2	You must pay our transfer fee and all other expenses we incur in approving the transfer. The proposed transferee must meet our standards as to character, financial resources, and willingness to assume the existing obligations under the Franchise Agreement, sign our then-current form of franchise agreement, and complete training.
n. Franchisor's right of first refusal to acquire franchisee's business	16.3	We can match any offer for your Franchise.
o. Franchisor's option to purchase franchisee's business	19.6	60 day option upon termination or expiration
p. Death or disability of franchisee	4.1	A replacement Managing Owner must be trained in the event of death or disability of your Managing Owner.
q. Non-competition covenants during the term of the franchise	12.1	No direct or indirect interest in a Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	19.4	After termination or expiration of the Franchise Agreement, you may not operate a similar type of business for a period of 48 months within one hundred (100) miles from your principal business address, or provide janitorial or cleaning services within fifty (50) miles from the principal business address of any other then-existing CLEANSTART SYSTEMS business.
s. Modification of the agreement	21.16	Must be in writing
t. Integration/merger clause	21.18	Oral statements not binding. Franchise Agreement is the entire agreement (subject to federal law). Any promises not contained in the Franchise Agreement or this Franchise Disclosure Document may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim our representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	21.12	All disputes resolved by mediation or arbitration except for actions for declaratory or equitable relief, actions in ejectment or for possession of any interest in real or personal property, or actions which by applicable law can't be arbitrated
v. Choice of forum	21.14	New York, unless superseded by state law.
w. Choice of law	21.13	New York, except superseded by state law.

**Item 18: Public Figures**

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

**Item 19: Financial Performance Representations**

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Cleanfran, LLC, 87 Grant Avenue, Auburn, NY 13021, (315) 383-8333, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20: Outlets and Franchisee Representations**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2022 to 2024**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2022	2	2	0
	2023	2	2	0
	2024	2	2	0
Company- Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	3	3	0
	2023	3	3	0
	2024	3	3	0

**Table No. 2  
Transfers From Franchisees to New Owners (Other than the Franchisor)  
For Year 2022 to 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
None	2022	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2023	0
	2024	1

**Table No. 3**  
**Status of Franchised Outlets For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
New York	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Totals	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2

The contact information for our current franchisees is provided below:

Ulyana Udyak 2480 Browncroft Blvd., Suite 218 Rochester, New York 14625 585-705-7550	Dan Thibault 2607 Rose Hill Road, Marietta, NY 13110 315-559-1778
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**Table No. 4**  
**Status of Company-Owned Outlets For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
New York	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

**Table No. 5**

**Projected Openings as of December 31, 2024**

<b>Column 1 State</b>	<b>Column 2 Franchise Agreements Signed But Outlet Not Opened</b>	<b>Column 3 Projected New Franchised Outlets in the 2025 Fiscal Year</b>	<b>Column 4 Projected New Company-Owned Outlets in 2025 Fiscal Year</b>
New York	0	1	0
Total	0	1	0

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. We have communicated with all our franchisees within 10 weeks of March 5, 2025. During the previous three fiscal years, no franchisee signed any confidentiality clauses which restricted the franchisee from freely communicating with prospective franchisees concerning the franchisee’s experience with the franchise system.

**Item 21: Financial Statements**

Attached to this disclosure document as Exhibit “B” are our audited financial statements, as of December 31, 2024, December 31, 2023, and December 31, 2022.

Our Fiscal Year Ends on December 31.

**Item 22: Contracts**

Attached to this disclosure document as Exhibit “A” is our Franchise Agreement with Appendices (A) Franchise Ownership and Management; (B) Authorized Business Location; (C) Guaranty and Assumption of Obligations; (D) Communications Assignment; (E) Inventory and Supplies Agreement; and Acknowledgment Addendum to CLEANSTART SYSTEMS Franchise Agreement.

Attached to this disclosure document as Exhibit “D” is a sample copy of the current general release form that we use as a condition of renewal or assignment/transfer.

Attached to this disclosure document as Exhibit “E” are State disclosures applicable to franchises operating in the specified States.

Attached to this disclosure document as Exhibit “F” is a sample copy of the financing documents that you will need to sign if we finance your purchase of any of your customer accounts.

**Item 23: Receipts**

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

The Receipts identify all our current Franchise Sellers.

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

**CLEANSTART SYSTEMS®**  
EXHIBIT “A”  
TO THE DISCLOSURE DOCUMENT  
FRANCHISE AGREEMENT

# FRANCHISE AGREEMENT

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**CLEANSTART SYSTEMS®  
FRANCHISE AGREEMENT**

This **FRANCHISE AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between Cleanfran, LLC, a limited liability company formed under New York law, with its principal business address at 87 Grant Avenue, Auburn, NY 13021 (referred to in this Agreement as “Franchisor,” “we,” “us” or “our”), and \_\_\_\_\_, a [STATE/TYPE OF ENTITY] with its principal business address at \_\_\_\_\_ (referred to in this Agreement as “Franchisee,” “you,” “your” or “owner”).

**I. PREAMBLES, GRANT OF THE FRANCHISE, AND CERTAIN DEFINITIONS.**

- 1.1. **PREAMBLES.** We have expended considerable time and effort in developing a business offering janitorial and cleaning services, as well as offering related services and products. These businesses operate under the CLEANSTART SYSTEMS name and under distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time. We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of CLEANSTART SYSTEMS businesses, including the CLEANSTART SYSTEMS trademarks and service marks and associated logo, which have gained and continue to gain public acceptance and goodwill, and may hereafter create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of a CLEANSTART SYSTEMS business (collectively, the “Marks”). We grant franchises to persons who meet our qualifications and are willing to undertake the investment and effort required to own and operate a CLEANSTART SYSTEMS business offering the services and ancillary products we authorize and approve and utilizing our business formats, methods, procedures, signs, designs, layouts, equipment, standards and specifications and the Marks (the “System”), irrespective of the media we use to document the System. You have indicated to us by your actions and statements that you desire a franchise to own and operate a CLEANSTART SYSTEMS business. The Marks, together with the System and the franchise license granted herein are referred to collectively herein as the “Franchised Business.”
- 1.2. **Grant of Franchise.** Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a franchise (the “Franchise”) to operate a CLEANSTART SYSTEMS Franchised Business operating from the business location address (the “Location”) identified on Appendix B, and a license to use the Marks and the System in the operation thereof, for a term commencing on the date of this Agreement and expiring on the tenth (10<sup>th</sup>) anniversary of that date (the “Term”), unless sooner terminated in accordance with the terms of this Agreement. You may not operate the Franchised Business from any site other than the Location without our prior written consent.
- 1.3. **Representation.** You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your purchasing a franchise in reliance upon all of your representations.
- 1.4. **Certain Definitions.** The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

**“Account Purchase Fee”** means the amount you must pay us in the event you elect to purchase a customer account from us, whether or not any such business or contract for the customer account resulted from an increase in the contract price for existing business, an expansion of service for existing business at the same or other locations, or completely new business.

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

**“Administrative Support Services Fee”** means the fee we collect for customer account administrative support services we provide for your CLEANSTART SYSTEMS Franchised Business.

**“Advertising Fund”** means the pool of money controlled by Cleanfran, LLC for the purpose of advertising, marketing and other promotional activities to promote CLEANSTART SYSTEMS businesses.

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

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

**“CLEANSTART SYSTEMS business”** means a commercial janitorial and cleaning services business operating under the Marks and using the System that we, or any of our Affiliates, own and operate or license any other person or entity to own or operate.

**“Competitive Business”** means any business that offers janitorial or cleaning services, or any other services or products that are the same or similar to those offered by CLEANSTART SYSTEMS businesses. Competitive Business also means any business that offers franchises or licenses to others to operate any business that offers janitorial or cleaning services, or any other services or products that are the same or similar to those offered by CLEANSTART SYSTEMS businesses.

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

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

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

**“Franchisee”** means the individual or entity inserted in the space at the beginning of the Agreement and on Appendix A.

**“Franchised Business”** means your CLEANSTART SYSTEMS business operated under this Agreement.

**“Franchisor”** means Cleanfran, LLC.

**“Gross Revenue”** means the total revenue and other consideration from the Franchised Business, and whether from cash, check, credit, or barter transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by the Franchised Business in compliance with our Methods of Operation.

**“Gross Revenue Statement”** means the periodic report you send us that describes your Gross Revenue.

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

**“Location(s)”** means your principal place of business and any other places where we authorize you to operate the Franchised Business.

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

**“Marks”** means the current and future trade names, trademarks, service marks and trade dress used to identify CLEANSTART SYSTEMS businesses and the services and products offered by CLEANSTART SYSTEMS businesses, including the “CLEANSTART SYSTEMS” mark.

**“Methods of Operation”** means the mandatory and suggested specifications, standards, operating procedures and rules that we prescribe for the operation of the Franchised Business, as communicated to you in any form.

**“National Accounts”** means regional or national businesses with which we’ve agreed to provide services to customers at certain National Account locations, which may include National Account locations within your Territory.

**“Operations Manual”** means our confidential CLEANSTART SYSTEMS Operations Manual which contains the required policies and procedures for the operation of the Franchised Business, and includes all specifications as we may use, and includes all supplemental bulletins, memoranda, revisions and replacements.

**“Owner”** means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in you (or a transferee of this Agreement and the Franchised Business or an interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets thereof. References to a “controlling interest” in you mean thirty three and one-third (33.33%) percent or more of your voting shares or other voting rights if you are a corporation or partnership owned by three (3) or more persons; otherwise, fifty (50%) percent or more of your voting shares or other voting rights will constitute a “controlling interest.”

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

“**Purchased Customer Account**” means a customer account which we find or establish and which in our sole business judgment we offer to you the opportunity to purchase the right to be the sole authorized franchisee to provide any contractually agreed services to such customer account.

“**Retained Customer Account**” means a customer account which we find or establish and with which we maintain an ongoing direct contractual relationship and to which you elect to provide for us our authorized cleaning and janitorial services in full compliance with the terms of our contract with the customer account. At all times we shall maintain the unrestricted right to authorize and approve who may provide services and products to any such Retained Customer Account, in our sole business judgment.

“**Services and Products**” means the authorized services, products, goods, materials, items, equipment, apparel, promotional items or any other ancillary merchandise designated by us from time to time for sale or resale by at or from CLEANSTART SYSTEMS businesses, from the CLEANSTART SYSTEMS Website, or from other affiliated locations.

“**System**” means the plan and system as updated and revised from time to time for providing our authorized janitorial and cleaning services and products using our software, accounting methods, merchandising, equipment selection, advertising, promotional techniques, personnel training and quality standards that feature the Marks and includes all proprietary materials and standards.

“**Technology Fee**” means the required monthly fee payable from you to us for ongoing access to our web site and online systems.

“**Territory**” means the geographic area identified on Appendix B to the Franchise Agreement.

“**We**”, “**us**” or “**our**” means Cleanfran, LLC, our successors and assigns or our Affiliates.

“**You**”, “**your**” or “**yours**” means the Franchisee.

## **2. INITIAL FRANCHISE FEE AND PAYMENTS.**

2.1. **Initial Franchise Fee.** You agree to pay us a nonrecurring and nonrefundable initial franchise fee in the amount of Twenty Four Thousand Nine Hundred Dollars (\$24,900), that shall be due and payable when you execute the Agreement. The franchise fee will be fully earned by us upon the execution of this Agreement.

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

2.3. **Application of Payments.** Regardless of any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you owe us against any amounts we might owe you.

2.4. **Designated Bank Account.** Prior to the opening of the Franchised Business, and as a condition thereof, you shall establish a designated bank account from which we shall be authorized to withdraw in any manner which we prescribe, which may include EFT or wire transfer, any amounts due to us or any affiliate(s) from you under this Agreement, including Royalty Fees due. We have the right to review your sales numbers on a daily basis. By the fifth (5<sup>th</sup>) day of each calendar month, we shall calculate the Royalty Fee due for the preceding calendar month and may withdraw via EFT such amount and any other amounts due under this Agreement, including any Ad Fees set forth under Section 13, directly from the designated account, unless we have agreed with you in writing to some other acceptable method of delivery of amounts due to us. All costs and expenses of establishing and maintaining such designated account, including transaction fees and wire transfer fees, shall be paid by you. You agree to maintain at all times sufficient funds in such designated bank accounts for such withdrawals.

3. **ROYALTY AND OTHER FEES.**

3.1. **Royalty and Ad Fee.** You agree to pay us a non-refundable royalty (“Royalty”) and Ad Fee (see Section 13.1) each calendar month (the “Accounting Period”) during the Term of the Agreement. The percentage Royalty amount and the percentage Ad Fee amount (See Section 13.1) you pay to us each Accounting Period shall be calculated by us with reference to the total Gross Revenue derived by the Franchised Business during each respective Accounting Period during the Term of the Franchise Agreement, as identified in the table below:

<b>Gross Revenue Derived by the Franchised Business During the Accounting Period</b>	<b>Royalty Amount Payable for that Accounting Period</b>	<b>Ad Fee Amount Payable for that Accounting Period</b>
\$0 to \$19,999	10%	2%
\$20,000 to \$39,999	9%	2%
\$40,000 to \$79,999	8%	2%
\$80,000 to \$99,999	7%	2%
\$100,000 to 124,999	6%	1.5%
\$125,000 to \$149,999	5%	1.5%
\$150,000 to \$199,999	4.5%	1.25%
\$200,000 and above	4%	1%

3.2. **Administrative Support Services Fee.** In addition to the Royalty, each Accounting Period you agree to pay us an administrative support services fee (the “Administrative Support Services Fee”) in the amount of three percent (3%) of your Gross Revenue for customer service, billing and collection services we provide to the Franchised Businesses. The Administrative Support Services Fee shall be due and payable at the same time and in the same manner as the Royalty.

3.3. **Royalty and Administrative Support Services Fee Due Dates and Customer Accounts.**

3.3.1. **Royalty and Administrative Support Services Fee Collected By Us.** For all Gross Revenue collected by us, we will collect the Royalty, the Administrative Support Services Fee, any other amounts due to us or third parties under this Agreement, and any sales or other taxes collected by us and paid directly to the appropriate taxing authority on your behalf, on or before the last day of the Accounting Period. We will pay you collected Gross Revenue, less the Royalty, the Administrative Support Services Fee, any other amounts due to us or third parties under this Agreement, and any sales or other taxes collected by

us and paid directly to the appropriate taxing authority on your behalf, within five (5) days of the close of the Accounting Period, by EFT, or by any other form of delivery that we may specify or approve, as we determine in our sole business judgment. Additionally we will provide you with a statement showing collected Gross Revenue and a statement identifying all outstanding invoices for your Franchised Business.

- 3.3.2. **Royalty Payable By You.** For all Gross Revenue collected by you, you must pay us the Royalty, the Administrative Support Services Fee, and any other amounts due under this Agreement, within five (5) days of the close of the Accounting Period, by EFT, or by any other form of delivery that we may specify or approve, as we determine in our sole business judgment. Additionally, you agree to deliver to us within five (5) days of the close of the Accounting Period, a statement of collected Gross Revenue and a statement of any outstanding invoices, with any such statement in such form as we specify, in our sole business judgment, and by such form of delivery as we specify, in our sole business judgment.
- 3.3.3. **Customer Accounts.** You acknowledge and agree that we may invoice any and all of your customer accounts pursuant to our Methods of Operation. You acknowledge and agree that in our sole business judgment we may determine the credit worthiness of any customer account of your Franchised Business. We may maintain any and all of your accounts receivable under our Methods of Operation and, in such case, we will use commercially reasonable efforts to collect all amounts owed to you from your customer accounts we maintain. We are your exclusive agent for collection under this Section until we send you a statement of outstanding invoices. **WE MAKE NO WARRANTY OR GUARANTY WHATSOEVER THAT WE WILL BE ABLE TO COLLECT ANY OR ALL AMOUNTS OWED TO YOU FROM YOUR CUSTOMER ACCOUNTS.** If, after ninety (90) days, we are not able to collect amounts owed from any of your customer accounts, it will be your responsibility to collect any outstanding amounts owed to you on such customer account.
- 3.4. **Account Purchase Fee.** You agree to pay us an account purchase fee (“Account Purchase Fee”) for any customer account contract of which you accept the designation as the sole authorized franchisee to provide contractually agreed services to such customer account. Account Purchase Fees are in addition to the Royalty and other payments set out in this Agreement. Account Purchase Fees are calculated on the expected gross monthly billing (“Gross Monthly Billing”) for a customer account. We have no obligation to offer you any additional business or contracts for any customer account you purchase from us beyond any initial Gross Monthly Billings we may offer to you to purchase from us. Should we, in our sole business judgment, decide to offer you any additional business or contracts for a customer account, you may either reject or accept such offer at the time it is made. Upon your acceptance to purchase any business or contract for a customer account (a “Purchased Customer Account”), you agree to pay an amount as an Account Purchase Fee according to the guidelines we set periodically during the Term of the Agreement. We will, from time to time, establish such guidelines, policies and procedures necessary to calculate the applicable Account Purchase Fee, taking into consideration industry standards and increases in costs and expenses of soliciting new customer accounts, and we reserve the right to increase or decrease the Account Purchase Fee. Currently, for any customer account we offer to you to purchase from us for which expected Gross Monthly Billings are less than Ten Thousand Dollars (\$10,000), the Account Purchase Fee is calculated by multiplying the amount of the expected Gross Monthly Billing from one (1) month of servicing the customer account and two and three-quarter percent (2.75%). Currently, for any customer account we offer to you for which expected Gross Monthly Billings are Ten Thousand Dollars (\$10,000) or more, the Account Purchase Fee is calculated by multiplying the amount of the expected Gross Monthly Billing from one (1) month of servicing the

customer account and two and one-half percent (2.5%). For example, the cost for you to purchase a customer account which has expected Gross Monthly Billings in the amount of One Thousand Dollars (\$1,000) is the product of One Thousand Dollars (\$1,000) and 2.75 ( $\$1,000 \times 2.75 = \$2,750$ ).

- 3.5. **Technology Fee.** Each Accounting Period during the Term of the Agreement, you agree to pay us a non-refundable technology fee (“Technology Fee”) in the amount of One Hundred Dollars (\$100) that shall be due and payable at the same time and in the same manner as the Royalty. You acknowledge and agree that we may raise the Technology Fee periodically during the Term of the Agreement, upon thirty (30) days prior written notice from us to you, provided however that any such increase shall not occur more than one (1) time in any period of fifty two (52) consecutive Accounting Periods.
- 3.6. **Service Fee.** You agree that, if you fail to follow our Methods of Operation and such failure results in our having to perform, fully or partially, any service for your customer accounts, you will pay us the reasonable fees and expenses we (or our designees) incur to fulfill the service obligation for any such customer account, in addition to any other amounts due under this Agreement. Nothing set forth in this Section shall be construed as imposing, or our assuming, any obligation to fulfill your service obligations.
- 3.7. **Professional Organization Fees.** You acknowledge and agree that during the Term of the Agreement, you must join and belong, in good standing, to such industry professional organizations which we may designate, in our sole business judgment. You acknowledge and agree that you are responsible solely for paying any initial and ongoing professional organization fees (“Professional Organization Fees”) that any such professional organization may charge in order to belong to such organization.

#### 4. **OWNERSHIP, MANAGEMENT, AND PERFORMANCE STANDARDS.**

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

- 4.1. **Managing Owner.** You acknowledge and agree that your owners and you will grant to one individual (the “Managing Owner”), the authority to legally bind you in any dealings with us, or our affiliates, and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Franchised Business. The Managing Owner, at all times during the term of the Agreement, shall maintain management control of the Franchised Business, or shall have like authority, ownership, managerial control and voting power in any limited liability company, partnership, or other form of entity, unless otherwise agreed upon in writing by us. You will notify us thirty (30) days in advance of any change in the identity of the Managing Owner. Where such change results from the death or incapacity of the Managing Owner, you shall immediately notify us of such death or incapacity and you will appoint a new Managing Owner within sixty (60) days after such death or incapacity. We reserve the right to review and disapprove of any newly appointed Managing Owner within ten (10) days of notice. We reserve the right to review and approve the authority of the Managing Owner with respect to your Articles of Organization, LLC Operating Agreement, Partnership Agreement, Shareholders Agreement, or similar documents. Neither you nor your owners will, directly or indirectly, take any action to avoid or restrict the authority requirement for the Managing Owner.

- 4.2. **Corporate, Limited Liability Company or Partnership Franchisee.** If you are at any time a corporation, Limited Liability Company, partnership, or other business entity, you agree and represent that:
- 4.2.1. Your charter (if you are a corporation) or partnership agreement (if you are a partnership) will at all times provide that your activities are confined exclusively to operating the Franchised Business, you will promptly furnish to us copies of your Articles of Incorporation, bylaws, partnership agreement, and other governing documents, and any amendments thereto, including the resolution of the board of directors authorizing entry into this Agreement, and you will have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation. You will notify us within five (5) days whenever there is a change in your corporate status or whenever you receive service of process for any reason;
  - 4.2.2. Your organizational documents or partnership agreement will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;
  - 4.2.3. Appendix A to this Agreement will completely and accurately describe all of your owners and their interests in you; and
  - 4.2.4. Each of your owners, at any time during the term of this Agreement, will execute an agreement in the form that we prescribe (see Appendix C to this Agreement) undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us that bind you. You and your owners agree to execute and deliver to us such revised copies of Appendix A as may be necessary to reflect any changes in the information contained therein and to furnish such other information about your organization or information as we may request within five (5) days of change.
- 4.3. **Performance Standards.** You agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder, continuously exert your best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with your obligations to operate the Franchised Business in compliance with this Agreement.

5. **START OF BUSINESS AND BUSINESS DEVELOPMENT.**

- 5.1. **Opening.** You agree to begin operating the Franchised Business within your Territory within ninety (90) days after the execution of this Agreement. If you fail to begin operating the Franchised Business within ninety (90) days after the execution of this Agreement, then we may terminate the Agreement and you will forfeit the initial franchise fee.
- 5.2. **Training.** You must successfully complete our training program for the Franchised Business to our satisfaction prior to beginning to operate the Franchised Business.
- 5.3. **Business Location.** Prior to beginning to operate the Franchised Business you must provide us in writing with the address of the proposed principal business location from which you intend to operate the Franchised Business. We must approve your proposed business location prior to you beginning to operate the Franchised Business. Thereafter during the term of the Agreement at all times you must operate the Franchised Business only from a business location of which we have

approved in writing prior to you operating the Franchised Business from any such location. We will make reasonable efforts to make a determination on whether to approve your proposed business location within ten (10) days after our receipt of the address of the proposed business location and any other related supporting materials that we require from you. Factors used by us in deciding whether to accept or reject a proposed business location may include, but is not limited to, the general location and neighborhood, zoning, and size, condition, configuration, appearance and other physical characteristics of the site. Your decision to develop and operate the Franchised Business at any particular business location is based solely on your own independent investigation of the suitability of the location for the Franchised Business.

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

- 5.4.1. Secure all financing required to develop and operate the Franchised Business;
- 5.4.2. Obtain all permits and licenses required to operate the Franchised Business;
- 5.4.3. Purchase or lease and install all required fixtures, furniture, equipment, furnishings and signs required for the Franchised Business;
- 5.4.4. Purchase an initial inventory of authorized and approved products, materials and supplies; and,
- 5.4.5. Ensure that the Franchised Business will be operated in compliance with all local, state and federal laws, ordinances, rules and regulations.

5.5. **Vehicles, Tools, Equipment, Signs and Computers.** You agree to use in developing and operating the Franchised Business only those vehicles, tools, equipment, signs, and computer hardware and software that we have approved for CLEANSTART SYSTEMS businesses as meeting our specifications and standards for quality, design, appearance, function and performance. You agree to place or display on your vehicles or at the Location only such signs, emblems, lettering, logos and display materials that we approve from time to time. You agree to purchase or lease approved brands, types or models of vehicles, tools, equipment, signs, and computers only from suppliers we have designated or approved which may include us and/or our affiliates.

5.6. **Inventory.** At the time the CLEANSTART SYSTEMS Franchised Business opens, you shall stock the initial inventory of products, materials, goods, items, equipment, and supplies as prescribed by us in the Operations Manual or otherwise in writing. You acknowledge and agree that throughout the Term of the Agreement we may require that you must purchase certain designated products, materials, goods, items, equipment, and supplies from us (see Appendix E to this Agreement for a sample template of our Inventory and Supplies Agreement). You shall stock and maintain all types of products, materials, goods, items, equipment, and supplies in quantities sufficient to meet reasonably anticipated customer demand. You agree to immediately notify us if an approved supplier substitutes a product, material, good, or item in place of an approved product, material, good or item. We are not liable to you for any loss or damage, or deemed to be in breach of this Agreement, if we cannot deliver, or cause to be delivered, or if our Affiliates or designated sources or approved suppliers cannot deliver, all of your orders for products, materials, goods, items, merchandise, equipment, supplies, etc. where such things are out-of-stock or discontinued.

6. **TERRITORY.**

- 6.1. **Your Territory.** During the term of this Agreement and for so long as you are not in default under this Agreement, we shall not establish or operate, or license any other person to establish or operate, another CLEANSTART SYSTEMS business providing our authorized Services and Products to customer accounts located within the geographical area set forth in Appendix B to this Agreement (the “Territory”). We shall take such reasonable steps as we consider necessary to prevent any other person from establishing or operating a CLEANSTART SYSTEMS business within the Territory upon our becoming aware of such establishment or operation. You may have the right to enter into agreements for the provision of services at customer locations outside the Territory provided that the terms of any such agreements shall be subject to our prior written approval. Any such services to be performed at a customer location outside of the Territory shall be referred to the CLEANSTART SYSTEMS franchisee, if any, within whose territory such location falls. If such location does not fall within the territory of any such franchisee, we may, in our business judgment, allow you to perform such services at such location.
- 6.2. **Conducting Business Outside of the Territory.** You shall not offer, sell, or provide any services or products to a customer account location situated outside of the Territory without our prior written approval.
- 6.3. **Customer Referrals.** You shall promptly advise us of all inquiries for services or products received from any prospective customer account situated outside your Territory and shall promptly provide us with copies of all such inquiries made in writing. We shall forward such inquiries to the franchisee, if any, in whose territory such prospective customer account is situated. If there is not such an existing franchisee within whose territory the prospective customer account is situated, we may, in our sole business judgment, allow you to provide services or products to such customer account for so long as the customer account is not located in the territory of another franchisee. In the event we authorize you to provide services or products to a customer account outside your Territory and subsequently the customer account becomes part of the territory of another CLEANSTART SYSTEMS franchisee, you acknowledge and agree that we may require you thereafter to allow the other franchisee to provide Services and Products to such customer account.
- 6.4. **Our Reservation of Rights.** We retain all rights not expressly granted hereunder, including the following, regardless of the impact on your CLEANSTART SYSTEMS Franchised Business and, except as described below, regardless of proximity to the Territory or your CLEANSTART SYSTEMS Franchised Business:
- 6.4.1. outside the Territory we have the right to establish and operate (directly or through an Affiliate), and to grant to others the right to establish and operate, any business of any kind, including businesses offering the sale of services or products of any kind;
- 6.4.2. we have the right to establish and operate (directly or through an Affiliate), and to grant to others the right to establish and operate, within the Territory and elsewhere, businesses other than CLEANSTART SYSTEMS businesses;
- 6.4.3. we have the right to host one or more websites on the Internet that advertise CLEANSTART SYSTEMS businesses and the Services and Products they offer and that allow potential customers to contact CLEANSTART SYSTEMS businesses throughout the world, even though a website is accessible to or viewable by Persons in the Territory;
- 6.4.4. we have the right to advertise and promote the CLEANSTART SYSTEMS Services and Products through broadcast, print and electronic media that are broadcast, delivered or otherwise transmitted into the Territory;

- 6.4.5. we have the right to offer and sell any services or products within the Territory and elsewhere under any trade names, trademarks, service marks or trade dress, including the Marks, through alternative channels of distribution (including the sale and delivery of products to customers located in the Territory); and
- 6.4.6. we have the right to acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.
- 6.5. **National Accounts.** You acknowledge that from time to time we may enter into agreements with certain regional or national businesses (“National Accounts”) to provide services or products at certain National Account locations which may include National Account locations within your Territory. We shall identify and designate any such National Accounts in our Operations Manual, and you acknowledge and agree that from time to time during the Term of the Agreement we may add or remove National Accounts, in our sole business judgment. You acknowledge and agree that we have sole business judgment on who may provide services or products to any National Account location, including any such National Account locations that may be located within your Territory. You acknowledge and agree that we may, in our sole business judgment, offer you the opportunity to accept and provide services or products under the terms of any such National Account agreement (including, without limitation, any central invoicing or fixed fee terms) for National Account locations within the Territory. In the case of a National Account agreement under which the customer will pay a fixed amount for services or products at all locations listed in such agreement, we shall allocate reasonably such fixed amount among the CLEANSTART SYSTEMS businesses providing such services or products.
- 6.6. **Request for Services from New Prospective Customer Account.** In the event we receive in any medium an inquiry from a prospective new customer account requesting the provision of authorized services or products and the customer account is not situated in the territory of any existing franchisee and we do not ourselves elect to provide services or products to such prospective new customer account due to the geographic location of the prospective customer account, then we may offer the opportunity to provide services or products to the customer account to the existing franchisee whose principal business address is the closest to the location of the physical address where services or products are requested to be provided. We shall utilize any generally accepted mapping system we may select, in our sole business judgment, for making our determination of the existing franchisee who shall be offered the opportunity to provide any such services under this Section. In the event you are offered the opportunity to provide such services or products pursuant to this Section and elect not to do so, then we may offer the opportunity to provide services to the existing franchisee whose principal business address is then next closest to the location of the physical address where services or products are requested to be provided.
- 6.7. **Customer Account Transfer Fee.** In the event a customer account is identified as part of the Territory of another franchisee and you desire to provide services or products to such customer account, you may submit a written request to such other franchisee, with a copy of such written request provided to us, to purchase from the other franchisee the exclusive rights to provide services or products to the customer account. The other franchisee shall have no obligation to sell the customer account to you under this Section. In the event the other franchisee desires to sell the rights to the customer account to you, then the other franchisee shall respond to you in writing of such acceptance of your offer and you shall pay such other franchisee a customer account transfer fee (“Customer Account Transfer Fee”) in the amount of Five Hundred Dollars (\$500) which shall

be due and payable from you to the other franchisee prior to the transfer of the customer account. Following any such customer account transfer under this Section, the transferred customer account shall cease being part of the territory of the transferring franchisee and such customer account shall become part of your Territory. You acknowledge and agree that we may increase the amount of the Customer Account Transfer Fee from time to time during the Term of the Agreement, upon thirty (30) days' prior written notice from us to you, provided however that any such increase shall not occur more than one (1) time in any period of twelve (12) consecutive Accounting Periods.

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

## 7. **TRAINING.**

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

7.1.1. **Individuals Attending Training.** We agree to provide initial training to your Managing Owner and one (1) total additional owner or employee who you elect to enroll in the training program. Additional individuals that attend the initial training will be charged Two Hundred Fifty Dollars (\$250) per person.

7.1.2. **Schedule, Location and Costs.** Initial training consists of two (2) working days of training. The training will be at a location that we designate. You will be responsible for all travel and living expenses which your Managing Owner and the selected individual(s) incur in connection with training.

- 7.1.3. **Additional Activities.** You also must participate in all other activities required to operate the Franchised Business.
- 7.2. **Additional Ongoing Required Training.** We may require your Managing Owner and/or previously trained and experienced employees to attend additional required training courses at such times and locations that we designate, and we may charge reasonable fees for such courses.
- 7.3. **Supplementary Training.** After the commencement of your Franchised Business operations, if you have additional employees that require training from us we may charge you a fee for this training.
- 7.4. **Training Assistance.** We may ask you to provide training or assistance to other CLEANSTART SYSTEMS franchisees. You agree to give us reasonable assistance with such training.

## **8. METHODS OF OPERATION.**

- 8.1. **Compliance With Methods of Operation.** You acknowledge and agree that your operation and maintenance of the Franchised Business in accordance with our Methods of Operation is essential to preserve the goodwill of the Marks and all CLEANSTART SYSTEMS businesses. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Franchised Business in accordance with Methods of Operation, as we periodically modify and supplement them during the term of this Agreement. Methods of Operation may regulate any one or more of the following with respect to the Franchised Business:
- 8.1.1. Replacement of obsolete or worn out equipment;
  - 8.1.2. Types, models and brands of required vehicles, tools, equipment, materials and supplies;
  - 8.1.3. Required or authorized services and products;
  - 8.1.4. Designated or approved suppliers (which may be limited to or include us) of goods, services, equipment, materials and supplies;
  - 8.1.5. Terms and conditions of the sale and delivery of, and terms and methods of payment for, goods, services, including direct labor, materials and supplies that you obtain from us, our affiliates or others;
  - 8.1.6. Sales, marketing, advertising and promotional programs and materials and media used in such programs;
  - 8.1.7. Use of the Marks;
  - 8.1.8. Staffing levels for the Franchised Business and matters relating to managing the Franchised Business; communication to us of the identities of the Franchised Business' personnel; and qualifications, training, dress and appearance of employees;
  - 8.1.9. Days and hours of operation of the Franchised Business;
  - 8.1.10. Participation in market research and testing and services and ancillary goods development programs;

- 8.1.11. Acceptance of credit cards, other payment systems and check verification services;
  - 8.1.12. Bookkeeping, accounting, data processing and record keeping systems and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;
  - 8.1.13. Types, amounts, terms and conditions of insurance coverage required to be carried for the Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Franchised Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;
  - 8.1.14. Complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Franchised Business; and
  - 8.1.15. Regulation of such other aspects of the operation and maintenance of the Franchised Business that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and CLEANSTART SYSTEMS businesses.
- 8.2. **Provisions of this Agreement.** You agree that Methods of Operation prescribed from time to time in the Operations Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all Methods of Operation as periodically modified.
- 8.3. **Modification of Methods of Operation.** We may periodically modify our Methods of Operation, as we determine in our sole business judgment, and any such modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs; provided, however, that such modifications will not alter your fundamental status and rights under this Agreement.
- 8.4. **Vehicles.** For any vehicle owned, leased, operated, or used by the Franchised Business, you acknowledge and agree that any such vehicle must be approved by us pursuant to our standards and specifications and must be maintained and operated by you pursuant to our standards and specifications. You acknowledge and agree that you shall maintain any such vehicle in good and safe operating condition, repair and appearance and properly serviced and lubricated, furnish all parts and labor required to keep the vehicle in such condition, protect the vehicle from deterioration (other than normal wear and tear), maintain the vehicle in a clean manner in compliance with our specifications, operate the vehicle in a safe and reasonable manner in compliance with all laws, rules, regulations and ordinances, and only use the vehicle within normal capacity.
- 8.4.1. **Vehicle Insurance.** You acknowledge and agree that you must maintain a commercial liability insurance policy for the Franchised Business that includes non-owned and hired automobile liability insurance coverage. For any vehicle owned, leased, operated, or used

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

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

## 9. **GENERAL GUIDANCE.**

- 9.1. Once you commence operation of the Franchised Business you will be required to submit to us reports, records and other financial statements regarding the performance of the Franchised Business. Also, we may conduct on-site inspections. Based on the information that we receive and review we may provide you with further direction and guidance by providing you with additional written materials, telephone consultations, training or on-site consultations. General guidance as to the operation of the Franchised Business will be found primarily in the Operations Manual or given to you through other written materials or bulletins from us. Guidance may be provided to you in any of the following ways:
- 9.1.1. Telephone and Internet e-mail consultation during such times as are outlined in the Operations Manual;
  - 9.1.2. Buying advisory services whereby we may provide you with lists of sources and approved suppliers for our products, merchandise, accessories, services, fixtures, furnishings, equipment, signs, etc.;
  - 9.1.3. Wholesaling services whereby we may ourselves act as an approved or designated source for products, merchandise, accessories, fixtures, furnishings, equipment, signs, etc.;
  - 9.1.4. Ongoing marketing programs;
  - 9.1.5. Newsletter services whereby we may inform you periodically about the current events in the CLEANSTART SYSTEMS franchise program;

- 9.1.6. Meetings, whereby we may convene with you and other CLEANSTART SYSTEMS franchisees for business or social purposes;
- 9.1.7. Research and development regarding Methods of Operation; and/or
- 9.1.8. At your request, we will furnish additional guidance and assistance and, in such a case, may charge the per diem fees and charges we establish from time to time. If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including per diem charges and travel and living expenses for our personnel, will be your responsibility.

## **10. MARKS.**

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

- 10.1. **Ownership of Marks.** You do not have an ownership interest in the Marks used with the Franchised Business. It is our right or license to use, license or sublicense the Marks. Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Franchised Business pursuant to and in compliance with this Agreement and Methods of Operation, which we prescribe from time to time during its term. Your unauthorized use of the Marks is a breach of this Agreement and an infringement of our rights in and to the Marks.
- 10.2. **Use of Marks.** You agree to use the Marks as the sole identification of the Franchised Business, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe.
- 10.3. **Goodwill of Marks.** This Agreement does not confer any goodwill or other interests in the Marks to you. Any goodwill established by use of the Marks will be exclusively for our benefit. You will not represent in any manner that you have any ownership in the Marks or the right to use the Marks except as provided in this Agreement and the Operations Manual. At the termination of this Agreement you will not receive any compensation for goodwill.
- 10.4. **Display of Marks.** You agree to display the Marks prominently in the manner we prescribe at the Franchised Business, on supplies or materials we designate and in connection with forms and advertising and marketing materials.
- 10.5. **Limitations on Use of Marks.** You may not use any Marks as part of any corporate or legal business name or Internet domain name or Internet e-mail address or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Marks in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Marks may be used in any advertising concerning the transfer, sale or other disposition of the Franchised Business or an ownership interest in you. You agree to give such notices of trademark and service marks registrations, e.g., “®”, “™”, as we specify and to obtain any fictitious or assumed name registrations required under applicable law. You agree to withdraw any fictitious or assumed name registrations immediately upon termination or expiration of this Franchise Agreement.
- 10.6. **Modification or Replacement of Marks.** You agree to modify or replace any Marks when notified by us. You agree to comply with our directions within a reasonable time after receiving notice.

You are responsible for all expenses associated with modifying or replacing the Marks. We will not be obligated to reimburse you for any lost revenue attributable to any modified or discontinued Marks or for any expenditure you make to promote a modified or substitute Mark.

- 10.7. **Discontinuance of Marks.** You must discontinue the use of the Marks immediately upon termination or expiration of this Agreement.
- 10.8. **Infringement and Claims of Marks.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Marks or of any claim by any person of any rights in any Marks. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole business judgment to take such action as we deem appropriate and the right to control exclusively any litigation, United States Patent and Trademark Office (“USPTO”) proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO proceeding or other proceeding or otherwise to protect and maintain our interests in the Marks. We may defend you against any third party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the terms of the Agreement, we will pay the cost of the defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the terms of the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be paid by you.
- 10.9. **Additional Restrictions on Your Use of the Marks.** You shall not attempt to register or otherwise obtain any interest in any Internet domain name or Uniform Resource Location (“URL”) containing any of the Marks, or any portion thereof, or any other word, name, symbol or device which is likely to cause confusion with any of the Marks, and; You shall not develop, create, generate, own, license, lease or otherwise utilize any computer media and/or electronic media (including but not limited to the Internet, world wide web, bulletin boards, news group and/or social media) which may be used, or in any manner uses, displays or utilizes the Marks, or other commercial symbols or offers to sell or sells any of the services or products which are or may at a later date be offered for sale by and other CLEANSTART SYSTEMS businesses. You may not use, reference or otherwise promote the Marks or System in connection with any current or future form of social media networks or platforms. If you desire to utilize any computerized or electronic media in conjunction with the operation of your Franchised Business, you must obtain our prior written approval of such usage, and we may in our sole and absolute business judgment approve or not approve such usage. If we grant approval, we or our Affiliates will be the owners of and/or control the approved computerized or electronic content and media.

## 11. **CONFIDENTIAL INFORMATION.**

- 11.1. **Determination of Confidential Information.** We possess and will continue to develop and acquire certain confidential information relating to the development and operation of CLEANSTART SYSTEMS businesses. Confidential information is proprietary to us. Confidential information may be disclosed to you that may include, but is not limited to:
- 11.1.1. **Business Practices.** Our trade secrets, methods, formats, specifications, standards, systems, procedures, the Operations Manual, any other proprietary materials, and knowledge of and experience in developing and operating CLEANSTART SYSTEMS businesses;

- 11.1.2. **Marketing and Advertising.** Our marketing and advertising programs for CLEANSTART SYSTEMS businesses and the sales and marketing techniques used;
- 11.1.3. **Materials and Supplies.** Knowledge of our specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; and
- 11.1.4. **Reports and Records.** Knowledge of the operating results and financial performance of CLEANSTART SYSTEMS businesses other than your Franchised Business.
- 11.2. **Business Purposes Only.** You will not acquire any interest in confidential information, other than the right to utilize confidential information disclosed to you in operating the Franchised Business during the term of this Agreement. Use or duplication of any confidential information in any other business will constitute an unfair method of competition and a violation of this Agreement. Confidential information is disclosed to you solely on the condition that you agree that you:
  - 11.2.1. **Business Only.** You will not use confidential information in any other business or capacity.
  - 11.2.2. **Term.** You will maintain the absolute confidentiality of confidential information during and after the term of this Agreement.
  - 11.2.3. **Copies.** You will not make unauthorized copies of any portion of confidential information disclosed to you in any format.
  - 11.2.4. **Safeguards.** You will adopt and implement all reasonable safeguard procedures, including those that we prescribe from time to time to prevent unauthorized use or disclosure of confidential information, including, without limitation, restrictions on disclosure to the Franchised Business' personnel and others.
- 11.3. **Ideas, Concepts, Techniques or Materials.** All ideas, concepts, techniques or materials relating to a CLEANSTART SYSTEMS business, whether or not constituting protected intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made for hire for us. You and your owners agree to sign whatever assignment or other documents we may request from time to time to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

## 12. **EXCLUSIVE RELATIONSHIP.**

- 12.1. **Exclusive Dealings.** We have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us and not to be involved with a Competitive Business. You agree that during the term of this Agreement neither you nor any of your owners including any of your or your owners' spouses, children or other first degree relatives by blood or marriage will:
  - 12.1.1. **Interest or Involvement.** You will not have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, wherever located.
  - 12.1.2. **Performance.** You will not perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located.

12.1.3. **Recruiting.** You will not recruit or hire any person who is our employee, or who is employed by us, and you will not recruit or hire any person who is an employee, or who is employed by any CLEANSTART SYSTEMS business without obtaining the prior written permission of any such person's employer, which request may be rejected in any such employer's sole business judgment.

### 13. **MARKETING.**

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

13.1.1. **Contribution.** You agree to contribute to the Advertising Fund a percentage of monthly Gross Revenue amounts (the "Ad Fee"), as specified in Section 3.1, payable each Accounting Period in the same manner as the Royalty due hereunder.

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

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

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

13.2.1. **Expenditure of Advertising Fund.** We may spend, on behalf of the Advertising Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all CLEANSTART SYSTEMS businesses to the Advertising Fund in that year and the

Advertising Fund may borrow from us or others to cover deficits or invest any surplus for future use.

- 13.2.2. **Interest Earned.** All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended.
- 13.2.3. **Reporting.** We will prepare an annual compiled statement of monies collected and costs incurred by the Advertising Fund and furnish the statement to you upon written request.
- 13.2.4. **Operation.** We have the right to cause the Advertising Fund to be incorporated or operated through a separate entity at such time as we deem appropriate and such successor entity will have all of the rights and duties specified herein.
- 13.3. **Proportionality.** We undertake no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Advertising Fund by CLEANSTART SYSTEMS businesses operating in that geographic area. Nor are we under any obligation to ensure that any CLEANSTART SYSTEMS business will benefit directly or in proportion to its Ad Fees paid to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering the Advertising Fund.
- 13.4. **Deferrals or Reductions.** We reserve the right to defer or reduce contributions of a CLEANSTART SYSTEMS business franchisee and, upon thirty (30) days' prior written notice to you, to reduce or suspend your payment of Ad Fees to and suspend operations of the Advertising Fund for one or more periods of any length and to terminate (and if terminated to reinstate) the Advertising Fund. If the Advertising Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Advertising Fund during the preceding three (3) month period.
- 13.5. **Advertising Approval.** You may not use any advertising or promotional materials unless we have approved it. Samples of all advertising, promotional and marketing materials, which we have not prepared or previously approved, must be submitted to us for approval before you use them. We own the copyrights to anything so submitted, whether approved by us or not. If you do not receive written approval within fifteen (15) days after our receipt of such materials, we will be deemed to have NOT given the required approval.
- 13.6. **Truthful Advertising, Marketing and Promotion.** You agree that any advertising, promotion and marketing conducted will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe.
- 13.7. **Participation in Internet Web Site or Other On-Line Communications.** You must have Internet access and an e-mail address. You must, at your own expense, participate in the CLEANSTART SYSTEMS web site on the Internet or other on-line communications, including any system we may develop in the future, unless we provide otherwise. You may not separately register any domain name or operate any web site containing any of the Marks. We determine the content and use of the web site and have the right to establish the rules under which franchisees may or must participate in the web site or separately use the Internet or other on-line communications. We retain all rights relating to the CLEANSTART SYSTEMS web site and may alter or terminate the web site. Your general conduct on the web site or other on-line communications and specifically your use of the Marks or any advertising on the web site or other

on-line communications (including the domain name and any other Marks we may develop as a result of participation in the web site or other on-line communications) is subject to the provisions of this Agreement. You acknowledge that certain information obtained through your participation in the CLEANSTART SYSTEMS web site may be considered Confidential Information, including access codes and identification codes. Your right to participate in the CLEANSTART SYSTEMS web site or other systems we may develop, or otherwise to use the Marks or System on the Internet or other on-line communications, shall terminate immediately when this Agreement expires or terminates.

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

14. **RECORDS, REPORTS AND FINANCIAL STATEMENTS.**

- 14.1. **Bookkeeping.** You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribe from time to time. We may require you to use approved computer hardware and software in order to maintain certain sales data and other information. You agree to furnish to us, upon our request, on such forms that we prescribe, without limitation, such records, reports, annual federal tax returns, and financial statements as we may require from time to time.
- 14.2. **Verification.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you. Moreover, we have the right, as often as we deem appropriate, including on a daily basis, to access the computer systems that you are required to maintain in connection with the operation of the Franchised Business and to retrieve all information relating to the Franchised Business's operations.

## 15. INSPECTIONS AND AUDITS.

- 15.1. **Right to Audit.** Our designated agents and we have the right to, at any time during your regular business hours and without prior notice to you, to inspect and/or audit, or cause to be inspected and/or audited, all records relating to the Franchised Business and operation practices of the Franchised Business in order to verify that you are complying with this Agreement, Collateral Agreements, the Methods of Operation and that you are maintaining the uniformity and quality of the services associated with the Marks. We have the right to observe, photograph and videotape the operations of the Franchised Business for such consecutive or intermittent periods, as we deem necessary. We have the right to interview personnel and customers of the Franchised Business. We have the right to inspect and copy any books, records and documents relating to your operation of the Franchised Business. You agree to cooperate with any such inspection.
- 15.2. **Audit Expense.** In the event such inspection and/or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, you agree to reimburse us for the reasonable cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees.
- 15.3. **Cure.** In the event an inspection or audit reveals that any payments have been understated in any report to us, then you must immediately pay to us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the highest contract rate of interest permitted by law. If an inspection or audit discloses an understatement in any report of two (2%) percent or more, you shall, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses connected with the inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## 16. TRANSFER.

- 16.1. **By Us.** This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.
- 16.2. **By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation or partnership, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, acumen and financial capacity. Accordingly, neither this Agreement (or any interest therein) nor any ownership or other interest in you or the Franchised Business may be transferred without our prior written approval. The proposed transferee must be willing to sign the form of franchise agreement we are then customarily using with new franchisees and must agree to complete initial training to our satisfaction. You agree to pay us a transfer fee in the amount of Five Thousand Dollars (\$5,000) to defray expenses we incur in connection with the transfer, including the costs of training the transferee (or its Managing Owner) and its other personnel, reasonable legal fees and administrative costs incurred, and our reasonable out-of-pocket expenses, including, without limitation, travel, meals, lodging and other investigative expenses involved in meeting with or qualifying the transferee. If the proposed transfer is among your owners, this Section 16.2. will not apply, although you are required to reimburse us for any reasonable legal and administrative costs we incur in connection with the transfer. Any transfer without such approval constitutes a breach of the Agreement and is void and of no effect. As used in this Agreement, the term "transfer" includes your (or your owners')

voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in:

16.2.1. This Agreement;

16.2.2. You; or

16.2.3. The Franchised Business.

16.3. **Our Right of First Refusal.** We have the right, exercisable by written notice delivered to you or your selling owners within sixty (60) days from the date of the delivery to us of both an exact copy of such *bona fide* offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such *bona fide* offer, provided that:

16.3.1. We may substitute cash for any form of payment proposed in such offer;

16.3.2. Our credit will be deemed equal to the credit of any proposed purchaser;

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

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

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

16.3.4.2. Liens and encumbrances relating to the stock or other ownership interest and/or assets; and

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

16.4. **Exercise.** If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of twenty four (24) months commencing on the date of the closing, you and they will be bound by the non-competition covenants contained in Section 11 hereof.

## 17. **EXPIRATION OF THIS AGREEMENT.**

17.1. **Expiration and Renewal.** Upon the expiration of the term of this Agreement you may renew the franchise for the Franchised Business if you and each of your owners have substantially complied with this Agreement during its term. You will have the right to renew your franchise, under the terms and conditions of the Franchise Agreement we are using at that time, provided that:

17.1.1. **Compliance with Then-Current Standards.** You agree to add or replace vehicles, equipment and signs and otherwise modify the Franchised Business as we require to bring it into compliance with specifications and standards then applicable for CLEANSTART SYSTEMS businesses.

- 17.2. **Renewal Fee.** If you are eligible and elect to renew your franchise the renewal franchise fee is Five Thousand (\$5,000) Dollars.
- 17.3. **Notice.** You agree to give us written notice of your election to renew your franchise during the last year of the term of this Agreement but not less than ten (10) months prior to the date of expiration of this Agreement. We agree to give you written notice (“Our Notice”), not more than ninety (90) days after we receive your notice, of our decision.
- 17.3.1. **Grant.** Our Notice may grant to you a ten (10) year renewal franchise;
- 17.2.2. **Conditional Grant.** Our Notice may be a conditional grant to you a renewal of the franchise on the condition that deficiencies of the Franchised Business, or in your operation of the Franchised Business, are corrected within a specified time frame; or,
- 17.2.3. **No Grant.** If we elect not to grant a renewal franchise, Our Notice will describe the reasons for our decision.
- 17.5. **Agreements / Releases.** If you satisfy all of the other conditions to the grant of a renewal franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of renewal franchises for CLEANSTART SYSTEMS businesses. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign these agreements and releases and deliver them to us for acceptance and execution within sixty (60) days after their delivery to you will be deemed an election not to acquire a renewal franchise.

## 18. **TERMINATION OF AGREEMENT.**

- 18.1. **BY YOU.** You and your owners may not terminate this Agreement except by operation of law. Your termination of this Agreement for any other reason or without availing yourself of legal redress will be deemed a termination without cause.
- 18.2. **BY US.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:
- 18.2.1. Your Managing Owner fails to successfully complete initial training to our satisfaction;
- 18.2.2. You fail to begin operating the Franchised Business within ninety (90) calendar days after the execution of this Agreement;
- 18.2.3. You abandon or fail actively to operate the Franchised Business, for ten (10) or more consecutive business days, unless the Franchised Business has been closed for a purpose we have approved or because of a major and significant casualty or by reason of a lawful government order;
- 18.2.4. You surrender or transfer control of the operation of the Franchised Business without our prior written consent;
- 18.2.5. You (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;

- 18.2.6. You (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony or any crime involving moral turpitude;
- 18.2.7. You (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Franchised Business or another CLEANSTART SYSTEMS business or the goodwill associated with the Marks;
- 18.2.8. You (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Franchised Business;
- 18.2.9. In the event of your death or permanent disability or the death or permanent disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as herein required;
- 18.2.10. You (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operations Manual in violation of this Agreement;
- 18.2.11. You violate any health, safety or sanitation law, ordinance or regulation and do not immediately begin to cure the non-compliance or violation, and correct such non-compliance or violation within twenty four (24) hours after written notice thereof is delivered to you;
- 18.2.12. You fail to make payments of any amounts due to us and do not correct such failure within seven (7) days after written notice of such failure is delivered to you;
- 18.2.13. You fail to pay when due any federal or state income, service, sales, employment related or other taxes due on the operations of the Franchised Business, unless you are, in good faith, legally contesting your liability for such taxes;
- 18.2.14. You (or any of your owners) fail to comply with any other provision of this Agreement or our Methods of Operation and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;
- 18.2.15. You (or any of your owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other data, information or supporting records, or to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you;
- 18.2.16. You fail to spend the required amounts for locally advertising and promoting the Franchised Business; or
- 18.2.17. You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the Franchised Business or any of its assets is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or the Franchised Business is vacated within thirty (30) days following the entry of such order.

19. **OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.**

19.1. **Payment of Amounts Owed to Us.** Any money which you owe us as of the termination or expiration date of this Agreement shall be paid to us by you within fifteen (15) days of the effective date of the termination or expiration. You agree that all customer accounts shall be assigned by you immediately to us upon termination or expiration of this Agreement and you agree to execute any and all documents and do such acts as we may request to carry out such assignment of your customer accounts, in our sole business judgment.

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

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

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

19.2.3. you agree to deliver to us within thirty (30) days after the date of termination or expiration of this Agreement all signs, sign-faces, marketing materials, forms, and other materials containing any Marks or otherwise identifying or relating to a CLEANSTART SYSTEMS business and allow us, without liability to you or third parties, to remove all such items from the Franchised Business;

19.2.4. you agree that after the date of termination or expiration of this Agreement, you will terminate immediately the operation of any web site or e-mail address relating to the Franchised Business, notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, facsimile or other numbers and any telephone directory listings associated with any Marks. You agree that, after the date of termination or expiration of this Agreement, you authorize the transfer from you to us of any web site domain name, Internet Protocol address, telephone number, or directory listing relating to the Franchised Business, as we may specify in our sole business judgment, and you agree to execute any documents we may specify to you to evidence any such transfer; and

19.2.5. you agree to furnish us, within thirty (30) days after the Notification Date, with evidence satisfactory to us of your compliance with the all the foregoing obligations of this Section 19.2.

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

- 19.4. **Covenant Not to Compete.** Upon the termination or expiration of this Agreement in accordance with its terms and conditions, including the transfer or assignment of this Agreement or any interest in the Franchised Business, you agree that, for a period of forty eight (48) months commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee in a management or sales capacity, consultant, representative or agent or in any other capacity in any Competitive Business operating at your principal business address, or providing janitorial or cleaning services within one hundred (100) miles from your principal business address, or providing janitorial or cleaning services within fifty (50) miles from the principal business address of any other then-existing CLEANSTART SYSTEMS business.
- 19.5. **Commencement by Order.** If it becomes necessary to enforce the Covenant Not to Compete by court order, we will seek to enjoin competition for three years from the date of issuance of the order. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.
- 19.6. **Our Rights to Purchase the Franchised Business.**
- 19.6.1. **Exercise of Option.** Upon termination or expiration of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within sixty (60) days from the date of such termination or expiration, to purchase the Franchised Business from you. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the “Notification Date.”) We have the unrestricted right to assign this option to purchase the Franchised Business. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.
- 19.6.2. **Purchase Price.** The purchase price for the Franchised Business will be its fair market value, determined in a manner consistent with reasonable depreciation of the Franchised Business’ equipment, signs, inventory, materials and supplies, provided that the Franchised Business will be valued as an independent business and its value will not include any value for the Franchise or any rights granted by this Agreement; the Marks; or participation in the network of CLEANSTART SYSTEMS businesses.
- 19.6.3. **Releases.** You and your owners agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.
- 19.7. **Continuing Obligations.** All of our and your (and your owners’ and affiliates’) obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

**20. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.**

- 20.1. **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Franchised Business personnel and others as the owner of the Franchised Business under a franchise we have granted and to place such notices of independent ownership on such forms, checks, business cards, stationery and advertising and other materials as we may require from time to time.
- 20.2. **No Liability For Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than Franchisor and Franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages of any nature whatsoever to any person or property directly or indirectly arising out of the Franchised Business' operation or the business you conduct pursuant to this Agreement.
- 20.3. **Taxes.** We will have no liability for any sales, use, service, occupation, excise, employment related, gross receipts, income, property or other taxes, whether levied upon you or the Franchised Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.
- 20.4. **Indemnification.** You, and each of the Guarantors identified in Appendix C, agree that you shall, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, affiliates and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the "Indemnified Parties") from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof, which arises out of or is based upon any of the following: the infringement, alleged infringement or any other violation by you, your Guarantors or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties; the violation, breach, or asserted violation or breach by you, your Guarantors or principals of any federal, state, or local law, regulation, ruling or industry standard; libel, slander, or any other form of defamation by you or your Guarantors or principals; the violation or breach by you or by your Guarantors or principals of any warranty, representation, agreement, or obligation of this Agreement or in any other agreement between you and us or our Affiliates; acts, errors, omissions of you, any of your Affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, and employees of you and your Affiliates in connection with the establishment and operation of the Franchised Business, including, but not limited to, any acts, errors, or omissions of any of the foregoing in the operation of any motor vehicle or in the establishment or implementation of security for the Franchised Business. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim

against us at your expense. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

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

## 21. **DISPUTE RESOLUTION AND MISCELLANEOUS MATTERS.**

- 21.1. **Severability and Substitution of Valid Provisions.** Except as expressly provided to the contrary herein, each provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which will continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto, otherwise upon your receipt from us of a notice of non-enforcement thereof.
- 21.2. **Lesser Covenant Enforceable.** If any covenant herein is unenforceable because it is too broad, but would be enforceable by reducing it in scope, time or other manner you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.
- 21.3. **Greater Notice.** If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required herein, this Agreement is deemed modified to comply with the applicable law.
- 21.4. **Waiver of Obligations.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole business judgment, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.
- 21.5. **Non-Waiver.** We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement.
- 21.6. **Force Majeure.** Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations is not our or your fault and results from:
- 21.6.1. unforeseeable transportation shortages, inadequate supply of equipment, products, merchandise, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;

- 21.6.2. acts of nature;
- 21.6.3. fires, strikes, embargoes, war or riot; or
- 21.6.4. any other similar event or cause.
- 21.7. **Extend Performance**. Any delay resulting from any force majeure causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed.
- 21.8. **Discontinued Programs/Promotions**. We are not liable to you for any loss or damage, or deemed to be in breach of this Agreement, if we discontinue any programs or promotions and they are no longer a part of our Methods of Operation or if we cannot deliver, or cause to be delivered, or if our affiliates or designated sources or approved suppliers cannot deliver, all of your orders for products, merchandise, equipment, supplies, etc., where such things are out-of-stock or discontinued.
- 21.9. **Costs and Attorney's Fees**. If we incur expenses in connection with your failure to pay when due amounts owed to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.
- 21.10. **You May Not Withhold Payments Due to Us**. You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder. You agree that all such claims will, if not otherwise resolved by us, be submitted to arbitration as provided in Section 21.12.
- 21.11. **Rights of Parties are Cumulative**. Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce.
- 21.12. **DISPUTE RESOLUTION**.
- 21.12.1. **Mediation**. Except as provided in Section 21.12.3., prior to filing any demand for arbitration, the parties agree to mediate any dispute, controversy or claim between the parties and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for your Franchised Business, any loan or other finance arrangement between us or our affiliates and you, the parties' relationship, your Franchised Business, or any Methods of Operation, System or Operating Standard, in accordance with the following procedures:
- 21.12.1.1. The party seeking mediation must commence mediation by sending the other party, in accordance with Section 22, a written notice of its request for mediation headed "Notification of Dispute". The Notification of Dispute will specify, to the fullest extent possible, the party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute will respond within

twenty (20) days after receipt thereof, in accordance with Section 22, stating its version of the facts, and, if applicable, its position as to damages sought by the party initiating the dispute procedure; provided, however, that if the dispute has been the subject of a default notice given under Section 22 of this Agreement, the other party will respond within ten (10) business days.

21.12.1.2. Upon receipt of a Notification of Dispute and response under Section 21.12.1, the parties will endeavor, in good faith, to resolve the dispute outlined in the Notification of Dispute and response. If the parties have been unable to resolve a dispute outlined in a Notification of Dispute or a response thereto within twenty (20) days after receipt of the response, either party may initiate a mediation procedure in accordance with the American Arbitration Association (“AAA”), pursuant to its Commercial Mediation Procedures, and unless otherwise agreed by the parties will take place in the city of our then-current corporate headquarters. The parties must select a mediator jointly.

21.12.1.3. All mediation sessions will occur at a mutually agreed location in the city where our principal headquarters is located at the time of the dispute and must be attended by your Managing Owner (and any other persons with authority to settle the dispute on your behalf) and our representatives(s) who is/are authorized to settle the dispute. The parties may be represented by counsel at the mediation. The parties agree to participate in the mediation proceedings in good faith and with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. If the dispute is not resolved within thirty (30) days, the parties are free to pursue arbitration. In addition, if the party receiving notice of mediation has not responded within five (5) days of delivery of the notice or a party fails to participate in the mediation, this Section 21.12.1. will no longer be applicable and the other party can pursue arbitration. The parties agree that the costs of the mediator will be split equally between the parties. Each party must pay its own fees and expenses incurred in connection with the mediation. The mediation proceeding and any negotiations and results thereof will be treated as a compromise settlement negotiation and the entire process is confidential. At least five (5) days prior to the initial mediation session, each party must deliver a written statement of positions.

21.12.2. Arbitration. Except as provided in Section 21.12.3, any dispute, controversy or claim between you and us and any of our or your affiliates, officers, directors, shareholders, members, guarantors, employees or owners arising under, out of, in connection with or in relation to this Agreement, any lease of sublease for your Franchised Business, any loan or other financial arrangement between us or our affiliates and you, the parties’ relationship, your Franchised Business, our System, any System standard, or the scope or validity of the arbitration obligation under this Section not resolved by mediation must be submitted to binding arbitration in accordance with the Federal Arbitration Act. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator.

- 21.12.2.1. In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such a proceeding will be barred.
- 21.12.2.2. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation or joinder of or class action certification of claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section 21.14.
- 21.12.2.3. The arbitration must take place in the city where our principal headquarters is located at the time of the dispute.
- 21.12.2.4. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in commercial law. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. The arbitrator may not under any circumstances (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Franchisor is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: any decision as to whether Section 21.14 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.
- 21.12.2.5. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc. by any court having jurisdiction.
- 21.12.2.6. The arbitrator will have subpoena powers limited only by the laws of the state in which the main office of the Franchisor is located.
- 21.12.2.7. The parties to the dispute will have the same discovery rights as are available in civil actions under the laws of the state in which the main office of Franchisor is then located.

- 21.12.2.8. All other procedural matters will be determined by applying statutory, common laws, and rules of procedure that control a court of competent jurisdiction in which the main office of Franchisor is then located.
  - 21.12.2.9. Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator) will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.
  - 21.12.2.10. The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.
  - 21.12.2.11. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with Section 21.9 or Section 21.12.4.
- 21.12.3. Exceptions to Arbitration. Notwithstanding Sections 21.12.1 and 21.12.2, the parties agree that the following claims will not be subject to arbitration or mediation.
- 21.12.3.1. any action for equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, declaratory relief, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceeding initiated hereunder,
  - 21.12.3.2. any action in ejectment or for possession of any interest in real or personal property;
  - 21.12.3.3. any action which by applicable law cannot be arbitrated; or
  - 21.12.3.4. our decision in the first instance to issue a notice of default and/or notice of termination, or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.
- 21.12.4. Costs and Attorney's Fees. The prevailing party in any action or proceedings arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed.
- 21.12.5. Survival. The provisions of this Section 25.12 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

- 21.12.6. **Tolling of the Statute of Limitations.** All applicable statutes of limitations and defenses based on the passage of time are tolled while the dispute resolution procedures in this Section 25.12 are pending. The parties will take such action, if any, required to effectuate tolling.
- 21.12.7. **Performance to Continue.** Each party must continue to perform its obligations under this Agreement pending final resolution of any dispute pursuant to this Section 21.12, unless to do so would be impossible or impracticable under the circumstances.
- 21.13. **Governing Law.** All matters relating to arbitration will be governed by the FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 *et. seq.*). Except to the extent governed by the Federal Arbitration Act as required hereby, the UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *et seq.*) or other federal law, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of New York, without regard to its conflict of laws principles, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this Section.
- 21.14. **Consent to Jurisdiction.** Subject to Section 21.12, you and your owners agree that we may institute any action against you or your owners in any state or federal court of general jurisdiction in New York, and you (and each owner) irrevocably submit to the jurisdiction of such courts and waive any objection you (or he or she) may have to either the jurisdiction of or venue in such courts.
- 21.15. **Waiver of Punitive Damages and Jury Trial.** Except with respect to your obligation to indemnify us pursuant to Section 20 hereof and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any confidential information, we and you and your respective owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.
- 21.16. **Binding Effect.** This agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by written agreement signed by you and us.
- 21.17. **Limitations of Claims.** Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement or claims related to your unauthorized use of the Marks, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.
- 21.18. **Construction.** The preambles and exhibits are a part of this Agreement which, together with the Operations Manual and our other written policies, constitute our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement, except that you acknowledge that we justifiably have relied on your representations made prior to the execution of this Agreement. Except as contemplated by the arbitration provisions of Section 21.12, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a

party hereto. Nothing in the Agreement or in any related agreement is intended to disclaim our representations made in the Franchise Disclosure Document.

- 21.19. **Withhold Approval.** Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.
- 21.20. **Headings.** The headings of the Sections are for convenience only and do not define, limit or construe the contents of the Sections.
- 21.21. **Joint and Several Owner's Liability.** If two or more persons are at any time the owner of the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.
- 21.22. **Multiple Copies.** This Agreement may be executed in multiple copies, each of which will be deemed an original.

## 22. **NOTICES AND PAYMENTS.**

- 22.1. **Notices.** All written notices and reports permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered:
  - 22.1.1. at the time delivered by hand;
  - 22.1.2. one (1) business day after transmission by facsimile or other electronic delivery system of which we've approved in writing, provided there is evidence of delivery;
  - 22.1.3. one (1) business day after being placed in the hands of a commercial courier service for next business day delivery, provided there is evidence of delivery; or
  - 22.1.4. five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

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

## 23. **ACKNOWLEDGMENTS.**

- 23.1. You acknowledge that you have read this Agreement and our Franchise Disclosure Document and understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each CLEANSTART SYSTEMS business.
- 23.2. You acknowledge that you have conducted an independent investigation of operating a CLEANSTART SYSTEMS business and recognize that the nature of this business may evolve and

change over time and that an investment in a CLEANSTART SYSTEMS business involves business risks and that your business abilities and efforts are vital to the success of the venture.

- 23.3. You acknowledge that any information you acquired from other CLEANSTART SYSTEMS franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information.
- 23.4. You acknowledge and agree that the nature of the operation of the Franchised Business requires that you or your Owners or employees must handle and apply cleaning and coating products and related materials that may be identified as hazardous or that potentially could be hazardous to any such individual's health. You acknowledge and agree that it is solely your responsibility to fully adhere to, and to fully comply with, any manufacturer's directions or instructions for the handling, application, or storage of any cleaning or coating products or related materials necessary to operate the Franchised Business. You acknowledge and agree that you are fully cognizant that there may be individual health related risks from operating the Franchised Business. You hereby acknowledge and agree that by purchasing the franchise you shall, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, affiliates and our respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees from all losses, damages, and expenses incurred in connection with your handling, application, or storage of any cleaning or coating products or related materials necessary to operate the Franchised Business.
- 23.5. You acknowledge and agree that the Franchised Business is principally a mobile business and that you must travel by motor vehicle to customer locations to provide our authorized services and products. However, throughout the term of the Agreement you may operate the Franchised Business only from a designated business address of which we have approved in writing in advance. You acknowledge and agree that your acceptance of any proposed business address is based on your own independent investigation of the suitability of the proposed location for operating the Franchised Business. In consideration of our acceptance of any proposed business address for the Franchised Business, you and your Owners agree to release us, and our affiliates, officers, directors, employees and agents from any and all loss, damages and liability arising from or in connection with the selection and/or acceptance of such business address for the operation of a CLEANSTART SYSTEMS business.

**[THE SPACE BELOW IS LEFT BLANK BY INTENTION]**

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

Cleanfran, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

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

[OWNER CORPORATION OR PARTNERSHIP]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

As Individuals:

\_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

**APPENDIX A**

TO THE FRANCHISE AGREEMENT  
BETWEEN Cleanfran, LLC  
AND

---

DATED \_\_\_\_\_, 20\_\_

**FRANCHISE OWNERSHIP AND MANAGEMENT.**

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

\_\_\_\_\_

\_\_\_\_\_

2. **FORM OF OWNER.**

2.1. **Business Entity.** What is the form of your business entity (e.g. corporation, limited liability company, etc.)? \_\_\_\_\_

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

\_\_\_\_\_

Federal Identification Number of Entity: \_\_\_\_\_

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

**Name of Each Director/Officer/Partner**

**Position(s) Held**

_____	_____
_____	_____
_____	_____

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

**Owner's Name and Address**

**Description of Interest**

(Must total 100%)

_____	_____
_____	_____

**APPENDIX A**

TO THE FRANCHISE AGREEMENT  
BETWEEN Cleanfran, LLC  
AND

\_\_\_\_\_  
(continued)

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

Cleanfran, LLC

By: \_\_\_\_\_

Name Printed: \_\_\_\_\_

Title: \_\_\_\_\_

[OWNER CORPORATION OR PARTNERSHIP]

By: \_\_\_\_\_

Name Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

As Individuals:

\_\_\_\_\_

Name Printed: \_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_

Name Printed: \_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_

Name Printed: \_\_\_\_\_

Dated: \_\_\_\_\_

**APPENDIX B**

TO THE FRANCHISE AGREEMENT  
BETWEEN Cleanfran, LLC  
AND

\_\_\_\_\_  
DATED \_\_\_\_\_, 20\_\_

**LOCATION AND TERRITORY.**

1. **LOCATION.**

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

\_\_\_\_\_  
\_\_\_\_\_.

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

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

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

Cleanfran, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

[OWNER CORPORATION OR PARTNERSHIP]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

As Individuals:

\_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_  
Dated: \_\_\_\_\_

**APPENDIX C**

TO THE FRANCHISE AGREEMENT  
BETWEEN Cleanfran, LLC  
AND

\_\_\_\_\_  
DATED \_\_\_\_\_, 20\_\_

**GUARANTY AND ASSUMPTION OF OBLIGATIONS.**

1. **GUARANTORS.** THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (the “Guaranty”) is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_.

2. **GUARANTEES.** In consideration of, and as an inducement to, the execution of the Franchise Agreement (the “Agreement”) dated today between \_\_\_\_\_ (“Franchisee”) and Cleanfran, LLC (“us” “we” or “our”), each of the undersigned guarantors (the “Guarantor”) hereby personally and unconditionally:

2.1. guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that \_\_\_\_\_

will punctually pay, perform and satisfy each and every obligation, undertaking, agreement and covenant of Franchisee set forth in the Agreement; and

2.2. agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities; and

2.3. agrees to pay reasonable attorney’s fees and all costs incurred by us in collecting, or attempting to collect, any sums owed by Franchisee under the Agreement, or otherwise enforcing, or attempting to enforce, any provision of the Agreement, or owed by the Guarantor as a result of, or in connection with this Guaranty. Each Guarantor’s liabilities and obligations hereunder are primary and direct and are independent of Franchisee’s obligations, and separate actions may be brought and prosecuted against the Guarantor. This is a Guaranty of payment and performance and not of collection.

3. **CONSENT AND AGREEMENT.** Each Guarantor consents and agrees that:

3.1. his direct and immediate liability under this Guaranty will be joint and several;

3.2. he will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses, for any reason, punctually to do so;

**APPENDIX C**

TO THE FRANCHISE AGREEMENT  
BETWEEN Cleanfran, LLC  
AND

\_\_\_\_\_  
(continued)

- 3.3. such liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; and
- 3.4. such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement and thereafter.
- 3.5. This Guaranty shall be binding on each Guarantor and his respective successors and assigns, and shall inure to our benefit and the benefit our successors and assigns. The Guarantor may not assign his obligations hereunder without our prior written consent.

The obligations of Franchisee and Guarantor, as described herein and in the Agreement, shall not be considered fully paid, performed and discharged unless and until all payments by Franchisee to us are no longer subject to any right on the part of any person to set aside such payments or to seek to recoup the amount of such payments. The foregoing shall include, by way of example and not by way of limitation, all rights to recover preferences voidable under Title 11 of the United States Code. If any such payments by Franchisee to us are set aside in whole or in part after being made, or are settled without litigation, to the extent of such settlement, all of which is in our business judgment, the Guarantor shall be liable, jointly and severally for the full amount of our costs, interest, attorney's fees and any and all expenses which we pay or incur in connection therewith.

- 4. **WAIVERS.** Each Guarantor waives all rights to payments and claims for reimbursement or subrogation which any of the Guarantor may have against Franchisee arising as a result of the Guarantor's execution of and performance under this Guaranty.

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

GUARANTOR(S)

\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_

\_\_\_\_\_  
Date

**APPENDIX D**

TO THE FRANCHISE AGREEMENT  
BETWEEN Cleanfran, LLC  
AND

\_\_\_\_\_  
DATED \_\_\_\_\_, 20\_\_

**COMMUNICATIONS ASSIGNMENT.**

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

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

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

As Individuals:

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX E**

TO THE FRANCHISE AGREEMENT  
BETWEEN Cleanfran, LLC  
AND

\_\_\_\_\_  
DATED \_\_\_\_\_, 20\_\_

**INVENTORY AND SUPPLIES AGREEMENT**

In consideration of the sum of \$ \_\_\_\_\_, due upon delivery, the receipt of which is hereby acknowledged, the undersigned, SELLER, hereby sells, assigns and transfers to \_\_\_\_\_, BUYER, the following supplies (the "Personal Property"):

**[See document attached hereto and identified as RIDER "A"]**

SELLER warrants it has good title to said Personal Property, free and clear of all encumbrances, and has full authority to assign and transfer the same, and warrants that it will defend and indemnify the BUYER from any and all claims to said Personal Property.

BUYER warrants and represents that, upon inspection in due course of said Personal Property, BUYER is accepting said Personal Property from SELLER under the terms hereof.

IN WITNESS WHEREOF, each of the undersigned has affixed this signature on date set forth above.

SELLER:

\_\_\_\_\_

Name Printed: \_\_\_\_\_

BUYER:

\_\_\_\_\_

Name Printed: \_\_\_\_\_

\_\_\_\_\_

Name Printed: \_\_\_\_\_

**ACKNOWLEDGMENT ADDENDUM TO  
CLEANSTART SYSTEMS FRANCHISE AGREEMENT**

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

**Acknowledgments and Representations.**

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

Yes.  No.

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

Yes.  No.

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

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

Yes.  No.

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

Yes.  No.

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

Yes.  No.

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

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

Yes.  No.

7. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?
- Yes.  No.
8. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other Businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
- Yes.  No.
9. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?
- Yes.  No.
10. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes.  No.
11. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?
- Yes.  No.
12. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?
- Yes.  No.
13. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes.  No.
14. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?
- Yes.  No.
15. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes.  No.

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

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

Yes.  No.

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

Yes.  No.

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

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

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

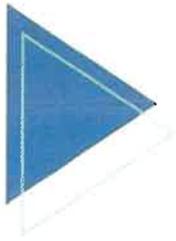
APPROVED ON BEHALF OF  
Cleanfran, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**CLEANSTART SYSTEMS®**  
**EXHIBIT “B”**  
**TO THE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**



**CLEANFRAN, LLC**  
Financial Statements  
**December 31, 2024 and 2023**

**DM** **DANNIBLE & MCKEE, LLP**  
Certified Public Accountants and Consultants

DM Financial Plaza | 221 S. Warren St. | Syracuse, NY 13202  
315.472.9127 | [www.DMCPAS.com](http://www.DMCPAS.com)

## Independent Auditor's Report

March 5, 2025

To the Member of  
Cleanfran, LLC

We have audited the financial statements of Cleanfran, LLC, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cleanfran, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 or 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 Cleanfran, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

### **Auditor's Responsibilities for the Audits 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 GAAS 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 GAAS, 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 Cleanfran, LLC'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 Cleanfran, LLC'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 audits, significant audit findings, and certain internal control–related matters that we identified during the audits.

*Dannible & McKee, LLP*

Dannible & McKee, LLP  
Syracuse, New York

Cleanfran, LLC  
(A Limited Liability Company)

Balance Sheets

	<u>December 31,</u>	
<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents (Note 1)	\$ 37,740	\$ 46,663
Accounts receivable (Note 1)	<u>5,188</u>	<u>-</u>
Total assets	<u>\$ 42,928</u>	<u>\$ 46,663</u>
<u>Member's Equity</u>		
Member's equity (Note 1)	<u>\$ 42,928</u>	<u>\$ 46,663</u>
	<u>\$ 42,928</u>	<u>\$ 46,663</u>

See accompanying notes to the financial statements.

Cleanfran, LLC  
(A Limited Liability Company)

Statements of Income and Member's Equity

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Franchise revenues	\$ 646,121	\$ 751,090
Cost of franchise fee	<u>540,967</u>	<u>572,105</u>
Gross profit	<u>105,154</u>	<u>178,985</u>
General and administrative expenses		
Legal and professional fees	4,500	4,300
Advertising and promotion	14,911	1,660
Digital marketing	20,778	16,369
Education	<u>200</u>	<u>1,725</u>
	<u>40,389</u>	<u>24,054</u>
Income before other expense	<u>64,765</u>	<u>154,931</u>
Other income (expense):		
Other expense	<u>-</u>	<u>(178)</u>
	<u>-</u>	<u>(178)</u>
Net income	64,765	154,753
Member's equity, beginning of year	46,663	123,910
Member draws	<u>(68,500)</u>	<u>(232,000)</u>
Member's equity, end of year	<u>\$ 42,928</u>	<u>\$ 46,663</u>

See accompanying notes to the financial statements.

CLEANFRAN, LLC  
(A Limited Liability Company)

Statements of Cash Flows

	<u>Year ended December 31,</u>	
<u>Increase (decrease) in cash and cash equivalents</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from customers	\$ 640,933	\$ 751,090
Cash paid to suppliers and employees	<u>(581,356)</u>	<u>(596,337)</u>
Net cash provided by operating activities	<u>59,577</u>	<u>154,753</u>
Cash flows used for investing activities:		
Member draws	<u>(68,500)</u>	<u>(232,000)</u>
Net decrease in cash and cash equivalents	(8,923)	(77,247)
Cash and cash equivalents, beginning of year	<u>46,663</u>	<u>123,910</u>
Cash and cash equivalents, end of year	<u>\$ 37,740</u>	<u>\$ 46,663</u>

See accompanying notes to the financial statements.

## Cleanfran, LLC

### Notes to Financial Statements

#### Note 1 - Summary of significant accounting policies

Nature of the business - Cleanfran, LLC (the "Company") was established to provide franchise rights for commercial cleaning services. The Company was formed as a single member Limited Liability Company in the State of New York on December 10, 2015.

Cash and cash equivalents - For purposes of the financial statements, the Company considers all short-term investments, with a maturity of three months or less when purchased, to be cash equivalents.

Accounts receivable - Accounts receivable consist of amounts due from customers. Amounts are stated at the amount management expects to collect from outstanding balances. No allowance for credit losses was necessary as of December 31, 2024 and 2023.

Member's equity - In accordance with the Company's operating agreement, the member is not liable for obligations of the Company. The Company will operate perpetually unless dissolved as set forth in the operating agreement.

Franchise revenue - The Company recognizes revenue from its sale of franchises at the initial contract. The Company collects a non-refundable fee and also provides an initial existing customer list to a franchisee. The Company will recognize revenue on a royalty agreement for any customers it provides to its franchisee based upon a monthly gross revenue schedule and will also charge the franchisees for cleaning products it provides.

Income taxes - The Company is taxed as a single member Limited Liability Company. Therefore, the liability for generally all Federal and state income taxes is assumed individually by the member, whether or not the income giving rise to such taxes has been distributed. Accordingly, there is no provision for income taxes related to this Limited Liability Company. The Company will make distributions to the member to cover their personal income tax liabilities on the Company's taxable income.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

The Company has reviewed its operations for uncertain tax positions and believes there are no significant exposures. The Company will include interest on income tax liabilities in interest expense and penalties in operations if such amounts arise. There were no interest or penalties on income tax liabilities in 2024 or 2023. The Company is no longer subject to Federal or New York State examinations by tax authorities for years before 2021.

Subsequent events - Management has evaluated subsequent events through March 5, 2025, the date that the financial statements were available for issue.

CLEANFRAN, LLC

FINANCIAL STATEMENTS

\* \* \*

DECEMBER 31, 2023 AND 2022

## Independent Auditor's Report

April 3, 2024

To the Member of  
Cleanfran, LLC

### ***Opinion***

We have audited the financial statements of Cleanfran, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cleanfran, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Cleanfran, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 or 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 Cleanfran, LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audits 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 GAAS 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 GAAS, 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 Cleanfran, LLC'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 Cleanfran, LLC'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Dannible & McKee, LLP*

CLEANFRAN, LLC  
(A Limited Liability Company)

BALANCE SHEETS

	<u>December 31,</u>	
<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents (Note 1)	\$ 46,663	\$ 123,910
Total assets	<u>\$ 46,663</u>	<u>\$ 123,910</u>
<u>Member's Equity</u>		
Member's equity (Note 1)	\$ 46,663	\$ 123,910
Total member's equity	<u>\$ 46,663</u>	<u>\$ 123,910</u>

See accompanying notes to financial statements.

CLEANFRAN, LLC  
(A Limited Liability Company)

STATEMENTS OF INCOME AND MEMBER'S EQUITY

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Franchise revenue (Note 1)	\$ 751,090	\$ 800,320
Cost of franchise fee	<u>572,105</u>	<u>632,229</u>
Gross profit	178,985	168,091
General and administrative expenses:		
Legal and professional fees	4,300	1,974
Advertising and promotion	1,660	7,514
Digital marketing	16,369	-
Education	<u>1,725</u>	<u>-</u>
	<u>24,054</u>	<u>9,488</u>
Income before other expense	<u>154,931</u>	<u>158,603</u>
Other expense:		
Other expenses	<u>(178)</u>	<u>(40)</u>
Total other expense	<u>(178)</u>	<u>(40)</u>
Net income	154,753	158,563
Member's equity, beginning of the year	123,910	106,097
Member draws	<u>(232,000)</u>	<u>(140,750)</u>
Member's equity, end of the year	<u>\$ 46,663</u>	<u>\$ 123,910</u>

See accompanying notes to financial statements.

CLEANFRAN, LLC  
(A Limited Liability Company)

STATEMENTS OF CASH FLOWS

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Increase (decrease) in cash and cash equivalents</u>		
Cash flows from (used for) operating activities:		
Cash received from customers	\$ 751,090	\$ 800,320
Cash paid to suppliers and employees	<u>(596,337)</u>	<u>(641,757)</u>
Net cash provided by operating activities	<u>154,753</u>	<u>158,563</u>
Cash flows used for investing activities:		
Member draws	<u>(232,000)</u>	<u>(140,750)</u>
Net increase (decrease) in cash and cash equivalents	(77,247)	17,813
Cash and cash equivalents, beginning of year	<u>123,910</u>	<u>106,097</u>
Cash and cash equivalents, end of year	<u>\$ 46,663</u>	<u>\$ 123,910</u>

See accompanying notes to financial statements.

CLEANFRAN, LLC  
(A Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of significant accounting policies

Nature of the business - Cleanfran, LLC (the “Company”) was established to provide franchise rights for commercial cleaning services. The Company was formed as a single member Limited Liability Company in the State of New York on December 10, 2015.

Change in accounting principle - As of January 1, 2023, the Company was required to adopt Accounting Standards Update (“ASU”) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, and all subsequently issued related amendments, which changed the methodology used to recognize impairment of the Company’s accounts receivable. Under this ASU, financial assets are presented at the net amount expected to be collected, requiring immediate recognition of estimated credit losses expected to occur over the asset’s remaining life. This is in contrast to previous U.S. GAAP, under which credit losses were not recognized until it was probable that a loss had been incurred. The Company performed its expected credit loss calculation based on historical accounts receivable write-offs, including consideration of then-existing economic conditions and expected future conditions. The adoption of this ASU did not have a significant effect on the Company’s financial statements.

Management performs an analysis of outstanding franchise and customer receivables for collectability, including individually reviewing outstanding balances, segregating balances into various risk pools by aging category and customer type, and applying certain estimated credit loss percentages to each pool. Management believes all franchise and customer receivables to be fully collectable; however, has evaluated the necessity for an allowance for credit losses as of December 31, 2023 and 2022, and has determined the amount to be insignificant, therefore no allowance is currently provided for. Provisions for credit losses and write-offs for the years ended December 31, 2023 and 2022, were not significant.

Cash and cash equivalents - For purposes of the financial statements, the Company considers all short-term investments, with a maturity of three months or less when purchased, to be cash equivalents.

Member’s equity - In accordance with the Company’s operating agreement, the member is not liable for obligations of the Company. The Company will operate perpetually unless dissolved as set forth in the operating agreement.

Franchise revenue - Cleanfran, LLC recognizes revenue from its sale of franchises at the initial contract. The Company collects a non-refundable fee and also provides an initial existing customer list to a franchisee. The Company will recognize revenue on a royalty agreement for any customers it provides to its franchisee based upon a monthly gross revenue schedule and will also charge the franchisees for cleaning products it provides.

Income taxes - Cleanfran, LLC is taxed as a single member Limited Liability Company. Therefore, the liability for generally all Federal and state income taxes is assumed individually by the member, whether or not the income giving rise to such taxes has been distributed. Accordingly, there is no provision for income taxes related to this Limited Liability Company. The Company will make distributions to the member to cover their personal income tax liabilities on the Company's taxable income.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

The Company has reviewed its operations for uncertain tax positions and believes there are no significant exposures. The Company will include interest on income tax liabilities in interest expense and penalties in operations if such amounts arise. There were no interest or penalties on income tax liabilities in 2023 or 2022. The Company is no longer subject to Federal or New York State examinations by tax authorities for years before 2020.

Subsequent events - Management has evaluated subsequent events through April 3, 2024, the date that the financial statements were available for issue.

CLEANSTART SYSTEMS®

EXHIBIT “C”  
TO THE DISCLOSURE DOCUMENT

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

## LIST OF STATE AGENCIES

<p style="text-align: center;"><b><i>California</i></b></p> <p>Department of Financial Protection and Innovation 320 West 4<sup>th</sup> Street Los Angeles, California 90013 866-275-2677</p>	<p style="text-align: center;"><b><i>Indiana</i></b></p> <p>Franchise Section Indiana Securities Division Secretary of State Room E-111 302 West Washington Street, Indianapolis, Indiana 46204 317-232-6681</p>	<p style="text-align: center;"><b><i>Minnesota</i></b></p> <p>Minnesota Dept. of Commerce 85 7<sup>th</sup> Place East, Suite 280 Saint Paul, Minnesota 55101 651-539-1600</p>
<p style="text-align: center;"><b><i>Connecticut</i></b></p> <p>Connecticut Dept. of Banking Securities &amp; Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103 860-240-8230</p>	<p style="text-align: center;"><b><i>Kentucky</i></b></p> <p>Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 502-696-5300</p>	<p style="text-align: center;"><b><i>Nebraska</i></b></p> <p>Nebraska Department of Banking and Finance 1200 N Street – Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 402-471-3445</p>
<p style="text-align: center;"><b><i>Florida</i></b></p> <p>Florida Department of Agriculture &amp; Consumer Services Division of Consumer Services 2005 Apalachee Parkway Tallahassee, FL 32399-6500 850-410-3807</p>	<p style="text-align: center;"><b><i>Maine</i></b></p> <p>Bureau of Banking Securities Division 121 State House Station Augusta, Maine 04333 207-624-8551</p>	<p style="text-align: center;"><b><i>New York</i></b></p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21<sup>st</sup> Floor New York, NY 10005 212-416-8222</p>
<p style="text-align: center;"><b><i>Hawaii</i></b></p> <p>Business Registration Division Securities Compliance Dept. of Commerce &amp; Consumer Affairs 335 Merchant Street Honolulu, Hawaii 96813 808-586-2744</p>	<p style="text-align: center;"><b><i>Maryland</i></b></p> <p>Office of the Attorney General Securities Division 200 Saint Paul Place Baltimore, MD 21202 410-576-6360</p>	<p style="text-align: center;"><b><i>North Carolina</i></b></p> <p>Secretary of State Legislative Office Building 2 South Salisbury Street Raleigh, NC 27601-2903 919-807-2000</p>
<p style="text-align: center;"><b><i>Illinois</i></b></p> <p>Illinois Attorney General 500 South Second Street Springfield, IL 62706 217-782-1090</p>	<p style="text-align: center;"><b><i>Michigan</i></b></p> <p>Michigan Attorney General's Office - Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1<sup>st</sup> Floor Lansing, Michigan 48913 517-373-7117</p>	<p style="text-align: center;"><b><i>North Dakota</i></b></p> <p>North Dakota Office of Securities Commission 600 East Boulevard Bismarck, North Dakota 58505 701-328-2910</p>

## LIST OF STATE AGENCIES

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

**LIST OF STATE AGENTS FOR SERVICE OF PROCESS**

<p align="center"><b><i>California</i></b></p> <p>California Commissioner of Financial Protection and Innovation 320 West 4<sup>th</sup> Street Los Angeles, California 90013 213-576-7500</p>	<p align="center"><b><i>Indiana</i></b></p> <p>Indiana Secretary of State Room E-111 201 State House 200 W. Washington Street Indianapolis, Indiana 46204 317-232-6531</p>	<p align="center"><b><i>Minnesota</i></b></p> <p>Minnesota Commissioner of Commerce 85 7<sup>th</sup> Place East, Suite 280 Saint Paul, Minnesota 55101 651-539-1600</p>
<p align="center"><b><i>Connecticut</i></b></p> <p>Commissioner of Department of Banking Securities &amp; Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103 860-240-8230</p>	<p align="center"><b><i>Kentucky</i></b></p> <p>Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601 502-696-5300</p>	<p align="center"><b><i>Nebraska</i></b></p> <p>Nebraska Department of Banking and Finance 1200 N Street – Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 402-471-3445</p>
<p align="center"><b><i>Florida</i></b></p> <p>Florida Department of Agriculture &amp; Consumer Services Division of Consumer Services 2005 Apalachee Parkway Tallahassee, FL 32399-6500 850-410-3807</p>	<p align="center"><b><i>Maine</i></b></p> <p>Bureau of Banking Securities Division 121 State House Station Augusta, Maine 04333 207-624-8551</p>	<p align="center"><b><i>New York</i></b></p> <p>Secretary of State of New York 99 Washington Avenue Albany, New York 12231 518-474-4750</p>
<p align="center"><b><i>Hawaii</i></b></p> <p>Commissioner of Securities, Dept. of Commerce &amp; Consumer Affairs 335 Merchant Street Honolulu, Hawaii 96813 808-586-2727</p>	<p align="center"><b><i>Maryland</i></b></p> <p>Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 410-576-6360</p>	<p align="center"><b><i>North Carolina</i></b></p> <p>Secretary of State Legislative Office Building 2 South Salisbury Street Raleigh, NC 27601-2903 919-807-2000</p>
<p align="center"><b><i>Illinois</i></b></p> <p>Illinois Attorney General 500 South Second Street Springfield, IL 62706 217-782-1090</p>	<p align="center"><b><i>Michigan</i></b></p> <p>Michigan Dept. of Commerce, Corporations and Securities Bureau 6546 Mercantile Way Lansing, Michigan 48910 517-241-6470</p>	<p align="center"><b><i>North Dakota</i></b></p> <p>North Dakota Office of Securities Commission 600 East Boulevard Bismarck, ND 58505 701-328-2910</p>

**LIST OF STATE AGENT FOR SERVICE OF PROCESS**

<p align="center"><b><i>Rhode Island</i></b></p> <p>Director of Rhode Island Department of Business Regulation 1511 Pontiac Avenue John Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527</p>	<p align="center"><b><i>Texas</i></b></p> <p>Secretary of State Statutory Document Section 1719 Brazos Austin, Texas 78701 512-475-1769</p>	<p align="center"><b><i>Washington</i></b></p> <p>Director, Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501 360-902-8760</p>
<p align="center"><b><i>South Carolina</i></b></p> <p>Secretary of State 1205 Pendleton Street Suite 525 Columbia, SC 29201 803-734-1087</p>	<p align="center"><b><i>Utah</i></b></p> <p>Department of Commerce Division of Consumer Protection 160 East 300 South Post Office Box 45804 Salt Lake City, Utah 84145-0804 801-530-6601</p>	<p align="center"><b><i>Wisconsin</i></b></p> <p>Wisconsin Department Financial Institutions 345 West Washington Ave. Post Office Box 1768 Madison, Wisconsin 53701 608-266-9555</p>
<p align="center"><b><i>South Dakota</i></b></p> <p>Director of South Dakota Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 605-773-4823</p>	<p align="center"><b><i>Virginia</i></b></p> <p>Clerk, State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 804-371-9672</p>	

**CLEANSTART SYSTEMS®**

EXHIBIT “D”  
TO THE DISCLOSURE DOCUMENT

COPY OF CURRENT FORM OF GENERAL RELEASE

## RELEASE OF CLAIMS

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

For and in consideration of the Agreements and covenants described below, Cleanfran, LLC, (“CLEANSTART SYSTEMS”) and \_\_\_\_\_ (“Franchisee”) enter into this Release of Claims (“Agreement”).

### RECITALS

A. Cleanfran, LLC and Franchisee entered into a **CLEANSTART SYSTEMS** Franchise Agreement dated \_\_\_\_\_, \_\_\_\_.

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

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

### AGREEMENTS

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

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

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

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

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

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

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

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

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

Dated: \_\_\_\_\_, 20\_\_\_\_

Cleanfran, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_

FRANCHISEE: \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

**CLEANSTART SYSTEMS®**  
EXHIBIT “E”  
TO THE DISCLOSURE DOCUMENT  
STATE SPECIFIC ADDENDA

ADDENDUM TO  
CLEANSTART SYSTEMS  
FRANCHISE DISCLOSURE DOCUMENT FOR THE  
STATE OF NEW YORK

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 A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- 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 that is 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 ten years 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.

ADDENDUM TO  
**CLEANSTART SYSTEMS**  
FRANCHISE DISCLOSURE DOCUMENT FOR THE  
STATE OF NEW YORK  
(continued)

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 the “Summary” sections of Item 17(c), titled “Requirements for a franchisee to renew or extend,” and Item 17(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; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

5. 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 the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--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.

ADDENDUM TO  
**CLEANSTART SYSTEMS**  
FRANCHISE DISCLOSURE DOCUMENT FOR THE  
STATE OF NEW YORK  
(continued)

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**CLEANSTART SYSTEMS®**

EXHIBIT “F”  
TO THE DISCLOSURE DOCUMENT

PURCHASED CUSTOMER ACCOUNT FINANCING DOCUMENTS

**PROMISSORY NOTE**

\$ \_\_\_\_\_, 20\_\_\_\_\_

1. FOR VALUE RECEIVED:

	Maker	Maker	Maker
Name:	_____	_____	_____
Address:	_____	_____	_____
	_____	_____	_____

(ADD ANOTHER SHEET IF NECESSARY)

(each “Maker”) promises to pay to the order of Cleanfran, LLC, a New York limited liability company having its principal place of business at 87 Grant Avenue, Auburn, NY 13021 (the “Payee), the down payment sum of [DOWN PAYMENT AMOUNT] and the principal sum of [FIRST MONTH’S INSTALLMENT AMOUNT] Dollars on [FIRST DUE DATE] and [NUMBER OF REMAINING INSTALLMENTS] successive [PERIOD] installments of [EACH SUBSEQUENT INSTALLMENT AMOUNT] Dollars on the first (1st) day of each [PERIOD] thereafter until [DUE DATE FINAL PAYMENT]. The payment schedule attached hereto as Schedule “1” shall control.

2. The acceptance of the Payee, after any default hereunder, shall not operate to extend the time of payment of any amounts then remaining unpaid hereunder or constitute a waiver of any of the other rights of the Payee hereunder.

3. This note and all other obligations, direct or contingent, of the Maker or indorser hereof, to Payee shall become due and payable immediately, at the option of the holder of this note, without demand or notice, upon the happening to or by the Maker of any of the following events:

3.1. Calling of a meeting of creditors;

3.2. Voluntary or involuntary application for, or appointment of a receiver, issuance of a warrant of attachment or for distraint, or of a notice of tax lien entry of judgment;

3.3. Failure to pay, withhold, collect or remit any tax or tax deficiency when assessed or due;

3.4. Death or dissolution;

3.5. Making a bulk sale or giving notice of intent to do so;

3.6. Suspension, liquidation or termination of any **CLEANSTART SYSTEMS** business owned wholly or partially by the Maker;

3.7. Transfer or attempted transfer of the **CLEANSTART SYSTEMS** business purchased in connection with the execution of this note;

3.8. Failure, after demand, to furnish financial information or to permit inspection of any books or records, default in payment or performance of this note or any contractual or other obligation to, or acquired in any manner by the Payee; or

3.9. If at any time, in the sole business judgment of the Payee, financial responsibility shall become impaired or unsatisfactory to the Payee.

4. If the Maker defaults on any payment of this note, the Maker agrees to pay all costs and expenses of collection, including reasonable attorney's fees.

5. The undersigned shall all be deemed a Maker and will be jointly, severally and individually liable as a Maker. The undersigned individuals personally guarantee payment of this Note.

6. The Maker, in any litigation arising out of or relating to this note in which a holder of the note is an adverse party, waives trial by jury and the right to interpose any defense, set-off or counterclaim of any nature or description.

7. This note is secured by a security agreement made between Maker and Payee and the holder is entitled to the benefits of the security described therein. Under certain conditions stated in the security agreement the entire principal of this note may become payable prior to the maturity stated herein. Maker shall do and sign whatever Payee reasonably requires to perfect Payee's security interest.

8. This note shall be construed in accordance with New York law.

MAKER: \_\_\_\_\_  
Signature Print Name  
\_\_\_\_\_  
Date

MAKER: \_\_\_\_\_  
Signature Print Name  
\_\_\_\_\_  
Date

MAKER: \_\_\_\_\_  
Signature Print Name  
\_\_\_\_\_  
Date

**SCHEDULE "1" TO PROMISSORY NOTE**

<u>Payment Number</u>	<u>Due Date</u>	<u>Amount</u>	<u>Balance Due</u>
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## SECURITY AGREEMENT

1.

Name	Number and Street	
City or Town	County	StateZip Code

(the “Debtor”) does hereby grant, for valuable consideration, receipt of which is hereby acknowledged, unto Cleanfran, LLC, a New York limited liability company having its principal place of business at 87 Grant Avenue, Auburn, NY 13021 (the “Secured Party”) a security interest in the **CLEANSTART SYSTEMS** franchise identified in the franchise agreement (the “Franchise Agreement”) between the Secured Party and the Debtor, dated \_\_\_\_\_, 20\_\_\_\_.

2. This security interest is granted as security for payment to the Secured Party, at its principal place of business, of indebtedness of \_\_\_\_\_ (\$\_\_\_\_\_) Dollars as provided in the note or notes of even date herewith and also any and all liabilities now existing or hereafter arising, including all costs and expenses incurred in the collection of the indebtedness and all future advances made by the Secured Party for taxes levied, insurance and repairs to or maintenance of the Collateral.

3. The Debtor warrants and agrees that:

A. The Debtor will use the Collateral solely for business purposes.

B. Except for the security interest granted herein, the Debtor is the owner of the Collateral free from any prior lien, security interest or encumbrance and the Debtor will defend the Collateral against all claims and demands of any and all persons at any time claiming the same or any interest therein;

C. The Debtor will not sell, exchange, lease or otherwise dispose of any interest in the Collateral without the written consent of the Secured Party and will not permit lien, security interest, or encumbrance to attach to the Collateral;

D. No financing statement covering the Collateral is on file in any public office and at the request of the Secured Party, the Debtor will join with the Secured Party in executing one or more financial statements pursuant to the Uniform Commercial Code of the state wherein the Collateral will be possessed by the Debtor in form satisfactory to the Secured Party and the Debtor will pay the cost of filing in all public offices wherever filing is deemed necessary by the Secured Party;

E. The Debtor will maintain will maintain insurance on the Collateral against liability, business interruption, and such other hazards and in such form and amount as the Secured Party may require and for the benefit of the Debtor and the Secured Party as their interest shall appear; and will pay and discharge all taxes imposed on the Collateral. The Debtor assigns to the

Secured Party and authorizes the Secured Party to indorse any draft of the proceeds. Such policy or policies shall be delivered to the Secured Party and shall be with a company or companies satisfactory to the Secured Party; and

F. Upon happening of any of the following events or conditions, the Secured Party may, at its election, declare the entire amount of the indebtedness then outstanding due and payable at once:

a. Default in the payment or performance of any of the obligations or of any covenant or liability contained or referred to in any note or notes evidencing any of the obligations secured hereunder, or in any other written agreements with the Secured Party;

b. Death, dissolution, termination of existence, insolvency, business failure of the Debtor;

c. Appointment of a receiver of any part of the property of, assignment for the benefit of creditors by or the commencement of any proceedings under any bankruptcy or insolvency laws by or against the Debtor;

d. Termination, transfer or an attempt to transfer any of the rights of the Debtor under the **CLEANSTART SYSTEMS** franchise agreement between the Secured Party and the Debtor, dated \_\_\_\_\_, 20\_\_\_\_; or

e. Any levy or seizure against the Debtor or the Collateral.

5. Discharge of any Debtor except for full payment, or any extension, forbearance, or acceptance, release or substitution of collateral or any impairment or suspension of the Secured Party's rights against a Debtor, or any transfer of the Debtor's interest to another, shall not affect the right of any other Debtor.

6. No waiver by the Secured Party shall be effective unless in writing, nor shall any such waiver operate as a waiver of any other default or of the same default on a subsequent occasion.

7. All rights of the Secured Party hereunder shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the Debtor.

8. If there is more than one Debtor, their obligations hereunder shall be joint and several.

9. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof.

Debtor:

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
individually and as an officer of \_\_\_\_\_ a  
\_\_\_\_\_ corporation.

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Corporate Officer

Secured Party: Cleanfran, LLC

Executed and accepted as of the \_\_\_\_\_ day of  
\_\_\_\_\_, 20\_\_\_\_, in \_\_\_\_\_.

By: \_\_\_\_\_

its \_\_\_\_\_  
duly authorized

**CLEANSTART SYSTEMS®**

EXHIBIT “G”  
TO THE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE DOCUMENT RECEIPTS

### **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:

<b>State</b>	<b>Effective Date</b>
New York	

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.

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Cleanfran, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan law requires that Cleanfran, LLC provides this franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Cleanfran, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and appropriate state agency listed in Exhibit "C". Cleanfran, LLC's registered agents authorized to receive service of process are listed in Exhibit "C".

The name, principal business address and telephone number of each franchise seller offering the franchise is:
Robert Blount, Cleanfran, LLC, 87 Grant Avenue, Auburn, NY 13021, Phone: 1-315-383-8333

Date of Issuance: March 5, 2025

I received a disclosure document dated March 5, 2025, that included the following Exhibits:

- A. FRANCHISE AGREEMENT
- B. FINANCIAL STATEMENTS
- C. LIST OF STATE AGENCIES AND LIST OF STATE AGENTS FOR SERVICE OF PROCESS
- D. COPY OF CURRENT FORM OF GENERAL RELEASE
- E. STATE SPECIFIC ADDENDA
- F. PURCHASED CUSTOMER ACCOUNT FINANCING DOCUMENTS
- G. RECEIPTS

DATE DISCLOSURE DOCUMENT RECEIVED: \_\_\_\_\_

Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Print Name and Address: \_\_\_\_\_

Please sign and date this Receipt (with the date you received the Franchise Disclosure Document) and if you received it electronically via email, also: Open the attached Franchise Disclosure Document to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the cover page of this Franchise Disclosure Document, stating that you received and downloaded this Franchise Disclosure Document.

**Also, print, sign and date a copy of this Receipt (with the date you received this Franchise Disclosure Document), and return the signed Receipt by mail to us at: Cleanfran, LLC, 87 Grant Avenue, Auburn, NY 13021.**

FRANCHISEE'S COPY

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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- F. PURCHASED CUSTOMER ACCOUNT FINANCING DOCUMENTS
- G. RECEIPTS

DATE DISCLOSURE DOCUMENT RECEIVED: \_\_\_\_\_

Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Print Name and Address: \_\_\_\_\_

Please sign and date this Receipt (with the date you received the Franchise Disclosure Document) and if you received it electronically via email, also: Open the attached Franchise Disclosure Document to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the cover page of this Franchise Disclosure Document, stating that you received and downloaded this Franchise Disclosure Document.

**Also, print, sign and date a copy of this Receipt (with the date you received this Franchise Disclosure Document), and return the signed Receipt by mail to us at: Cleanfran, LLC, 87 Grant Avenue, Auburn, NY 13021.**

FRANCHISOR'S COPY