

## FRANCHISE DISCLOSURE DOCUMENT



The Royal Maid Enterprises, Inc.  
A Florida Corporation  
58 N Charles Richard Beall Blvd., Suite F  
Debary, FL 32713  
407-865-6243  
franchise@regalmaidservice.com  
[www.regalmaidservice.com](http://www.regalmaidservice.com)

We offer franchises for the establishment and operation of businesses that offer consumers high quality and reliable residential cleaning services in a professional manner under the mark, "Regal Maid Service" (each an "**RMS Office**").

The total investment necessary to begin operation of an RMS Office under a Franchise Agreement ("**Franchise Agreement**") is \$108,150 to \$136,400. This amount includes \$66,500 to \$74,000 that is payable to us. The total investment necessary to enter into a Multi-Unit Development Agreement ("**Development Agreement**") to develop multiple RMS Offices is \$30,000 for the first RMS Office that you commit to develop, \$15,000 for the second RMS Office that you commit to develop, and \$7,500 for each additional RMS Office that you commit to develop. You must agree to develop at least three RMS Offices under the Development Agreement.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to us or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this disclosure 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 Michael Ma, our President, at the address and telephone number listed above.

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

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

This disclosure document is not for use in the state of Florida.

The issuance date of this Franchise Disclosure Document is July 1, 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:

QUESTION	WHERE TO FIND INFORMATION
<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 or Exhibit E.
<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 F 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 Regal Maid Service 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 Regal Maid Service franchisee?</b>	Item 20 or Exhibit E 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 A.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in Virginia. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Virginia than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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## **EXHIBITS**

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## ITEM 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

This disclosure document describes RMS Office franchises. In this disclosure document, “we,” “us,” “our” and “RMS” mean The Royal Maid Enterprises, Inc., the franchisor, and “you” or “your” means the purchaser of the franchise. If the purchaser of the franchise is a corporation, partnership, or limited liability company, “you” means both the purchaser and the persons who own the entity.

#### The Franchisor

The Royal Maid Enterprises, Inc. is a Florida corporation formed on July 31, 1995. We do business under our corporate name and the names Regal Maid Service and Royal Maid Service. We do not conduct business under any other name. Our principal place of business is 58 N Charles Richard Beall Blvd., suite F, Debary, FL 32713. Our agents for service of process are listed in Exhibit A. We began offering franchises for RMS Offices in October 2006 outside Florida. As of December 31, 2024, we had three franchised RMS Offices in operation. We have also offered franchises in the state of Florida since October 2006 under the Royal Maid Service mark. We and our affiliates operate three Royal Maid Service businesses. As of December 31, 2024, we had 24 franchised Royal Maid Services businesses operating in Florida. We have never offered franchises in any other line of business.

#### Our Parent, Affiliates and Predecessors

We do not have any predecessors or a parent company.

Our affiliate, Canama LLC, a Florida limited liability company, operates three RMS Offices. Canama shares our principal business address. Canama does not provide any services to our franchisees. Canama has not offered franchises in any line of business.

#### RMS Offices

RMS Offices offer consumers high quality and reliable residential cleaning services in a professional manner. RMS Offices target upscale residences and emphasize customer service. RMS Office employees are fully vetted, thoroughly trained, and committed to customer service and professionalism. RMS Offices are licensed, bonded, and insured and offer a 100% satisfaction guarantee for clients. RMS Offices offer a variety of professional cleaning services including residential house cleaning, moving in/moving out, spring/fall cleaning, business cleaning and one time cleaning.

RMS Offices operate according to a distinctive format, appearance, and set specifications and operating procedures (“**System**”). The System includes our trade secrets and other intellectual property, brand standards, cleaning methods, policies and procedures for the selection of cleaning supplies and equipment, pricing guidelines, training programs and materials, service quality and customer satisfaction standards and programs, community involvement activities, technology systems and assistance with advertising, promotion, public relations, and social media programs; our operations manual and system standards, and marketing, advertising, publicity, public relations and other promotional materials and programs; all of which we may change, improve, and further develop from time to time. Our mandatory and recommended standards, policies, and procedures are represented in our confidential and proprietary operations manual (the “**Manual**”), which we will make available to you during the term of your Franchise Agreement. We have the right to change the Manual and the elements of the System at any time without consultation with you.

If you are awarded a franchise, you will sign our Franchise Agreement, the current form of which is attached as Exhibit B to this disclosure document, and you will pay the Initial Franchise Fee that is described in Item 5. Under the Franchise Agreement, you will receive a license to utilize our System and our service mark “REGAL MAID SERVICE” and our logo, as well as related trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “**Proprietary Marks**”) and certain copyrights and copyrighted materials (the “**Works**”). We and our affiliates may modify the Proprietary Marks and the Works from time to time.

You will operate your RMS Office from a central office site that we must review and accept ("**Office Location**"). RMS Offices are typically located in office parks, office buildings, and similar office locations with adequate storage and appropriate parking for the RMS Office's vehicles. Virtually any type of office structure could be suitable for an RMS Office, subject to our site-selection criteria. Office facilities typically range in size from 400 to 800 square feet. A home office is not suitable for an RMS Office. We anticipate that you will lease rather than build your office.

Each RMS Office will receive a protected territory ("**Territory**") around the Office Location in which we will not operate or permit another franchisee to operate an RMS Office. Each Territory will contain at least 40,000 households with annual incomes in excess of \$75,000 ("**Qualified Households**"). We will determine the number of designated households in the Territory with reference to information provided by the most recent US Census or other similar data source that we select. Please see Item 12 for additional information regarding your territorial rights.

We also offer qualified persons and entities the opportunity to sign our Multi-Unit Development Agreement to obtain the right to develop multiple RMS Offices within a specified geographic area ("**Development Area**") according to a mandatory development schedule ("**Development Schedule**"). Our current form of Development Agreement appears in Exhibit C to this disclosure document. When you sign the Development Agreement, you also will sign a Franchise Agreement and pay the initial franchise fee (see Item 5) for the first RMS Office that you will develop under the Development Agreement. Under the Development Agreement, you will have the right and the obligation to develop a specified number of RMS Offices by certain deadlines set forth in the Development Schedule. You will negotiate both the number of RMS Offices and the Development Schedule with us.

You (or an affiliate of yours) will sign our then-current form of Franchise Agreement for each RMS Office that you develop under the Development Agreement. Our then-current form of Franchise Agreement may differ from the version of Franchise Agreement attached as Exhibit B to this disclosure document. You (or your affiliate) must sign Franchise Agreements for and begin operating each RMS Office on or before the deadlines listed in the Development Schedule.

Although we carefully evaluate persons who wish to become our franchisees, no screening process that we implement can conclusively determine whether you will succeed as an RMS Office operator. Similarly, completion of the RMS training program (as described in Item 11) does not provide any assurance of success. You must rely on your own assessment of your suitability (in terms of energy, business skill, desire, temperament, people skills, and financial capability, among other things) and your own advisors in deciding whether to become an RMS Office franchisee.

### **Industry-Specific Laws**

You must comply with all local, state, and federal laws and regulations that apply to the operation of your RMS Office, including statutes, regulations and ordinances applicable to businesses generally. For example, your RMS Office will be subject to various generally-applicable federal, state and local laws and regulations, such as state and local licensing, zoning, land use, construction regulations and various safety and fire standards. Your RMS Office will also be subject to laws such as the Fair Labor Standards Act, Americans with Disabilities Act, and various federal and state laws covering matters such as minimum wage, overtime and working conditions, such as the Federal Wage and Hour Laws, and the Occupational Safety and Health Act. We are not aware of any laws specifically applicable to a residential maid service business. However, you should consult with an attorney or business advisor about the laws, regulations and ordinances that may affect the operation of your RMS Office.

### **Market and Competition**

The primary targeted customer base for RMS Offices includes dual income households and other households with annual income that exceeds \$75,000. The market for residential maid services is mature and well-developed. RMS Offices will compete with other businesses offering residential maid services, some of which may be national or regional chains, and some of which may be franchised. Some

competitors may be well-established in your marketplace. An RMS Office's success in competing in this market will be largely dependent on management and marketing abilities, customer service and sales skills, adherence to the System, financial strength, general economic conditions, geographical area and specific location. You should consider the RMS Office franchise opportunity as a developing business in a general market segment with many well-established competitors.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Michael Ma, President**

Mr. Ma has served as our President since October 2024. He also has served as President of our affiliate, Canama LLC, in Debary, Florida since June 2014.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4 BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## **ITEM 5 INITIAL FEES**

### **Initial Franchise Fee**

When you sign the Franchise Agreement, you must pay us a nonrefundable initial franchise fee in a lump sum in the amount of \$30,000 plus \$0.75 for each Qualified Household in the Territory. Generally each Territory will contain at least 40,000 Qualified Households, so the initial franchise fee will be at least \$60,000. We will not approve a Territory with more than 50,000 Qualified Households, which would have an initial franchise fee of \$67,500. You and we will agree on the geographic scope of the Territory before you sign the Franchise Agreement, so that you will know the amount of the initial franchise fee before you commit to enter into the Franchise Agreement with us. If you sign a Franchise Agreement for an RMS Office that you develop under a Development Agreement, you may pay a reduced initial franchise fee as described below.

If you are an E2 Visa applicant, you must sign a Deposit Agreement (attached as Exhibit I) and pay a deposit in the amount of \$5,000 to reserve your territory for 60 days ("Reservation Period"). If you sign a Franchise Agreement prior to the expiration of the Reservation Period, we will apply the entire deposit to the Initial Franchise Fee. If you do not sign a Franchise Agreement prior to the expiration of the Reservation Period or if you violate the terms of the Deposit Agreement, the deposit is not refundable.

### **Office Setup Service Fee**

You will have the option, when you sign the Franchise Agreement, to pay us a nonrefundable office setup service fee in the amount of \$5,000 to cover our expenses in assisting you with identifying, acquiring a possessory or leasehold interest in, and setting up your RMS Office.



### **Webpage Setup and Hosting Fee**

When you sign the Franchise Agreement, you must pay us a nonrefundable webpage setup and hosting fee in the amount of \$1,500 to cover our expenses in having our vendor customize a webpage for your RMS Office.

### **Development Fee**

You must pay us a development fee in a lump sum if you sign the Development Agreement as set forth in the table below. We will insert this fee in the Development Agreement before signing it. We will credit the development fee to the initial franchise fee that you owe for each RMS Office that you develop under the Development Agreement. The development fee is non-refundable. You must agree to develop a minimum of three RMS Offices under the Development Agreement.

<b>RMS Office No.</b>	<b>Development Fee</b>	<b>Initial Franchise Fees Due</b>
1	\$30,000	\$30,000 plus \$0.75 for each Qualified Household
2	\$15,000	\$15,000 plus \$0.60 for each Qualified Household
3 (and additional)	\$7,500	\$7,500 plus \$0.50 for each Qualified Household

\* \* \* \* \*

These fees are typically uniform for all new franchisees in the System; however, in certain circumstances, we may reduce or waive a fee.

### **ITEM 6 OTHER FEES**

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
<b>Royalty</b>	\$3,000 for the first year  4% of Gross Sales <sup>2</sup> thereafter with a minimum monthly Royalty of \$500	15 days prior to the first anniversary of your opening  5 <sup>th</sup> day of the month	See Note 2 for the definition of "Gross Sales"; see Note 3 for an explanation of our electronic funds transfer process.
<b>Brand Fund Contribution</b>	\$1,000 for the first year  1% of Gross Sales thereafter with a minimum monthly Brand Fund Contribution of \$500	15 days prior to the first anniversary of your opening  5 <sup>th</sup> day of the month	We may reallocate and increase your contributions to the Brand Fund and any cooperative marketing program (" <b>Cooperatives</b> ") along with your local marketing expenditures, however, these contributions and expenses will not exceed 5% of Gross Sales. Please see Item 11 for further details.

Type of Fee <sup>1</sup>	Amount	Date Due	Remarks
<b>Local Marketing Expenditures</b>	Currently, at least 1% of annual Gross Sales	Ongoing	You must report your local marketing expenditures to us on a quarterly basis. If you don't spend the required amount on an annual basis, then you must contribute any deficiency in the amount owed to the Brand Fund. Please see Item 11 for further details.
<b>Cooperative Contributions</b>	Up to 1% of Gross Sales (which we may increase to 2% of Gross Sales)	Monthly	We have the right to establish Cooperatives in your region. You can reduce your local marketing obligation for the first 1% of Gross Sales that you contribute to a Cooperative. Each RMS Office operated by us and our affiliates will have the same voting power as franchised RMS Offices in a Cooperative with respect to fees imposed by a Cooperative. Please see Item 11 for further details.
<b>Collection Costs and Expenses</b>	Amount incurred	Upon demand	You must pay our collection costs and expenses, which include collection agency fees, costs incurred in creating reports demonstrating Gross Sales, attorney's fees, and related expenses we incur in enforcing the terms of the Franchise Agreement.
<b>Convention Registration</b>	Up to \$1,500 per attendee	As incurred	Your Managing Owner must attend our annual convention, regional meetings and conferences.
<b>Customer Complaints</b>	Our reasonable costs and expenses	Upon demand	You must reimburse us for our reasonable costs and expenses incurred in resolving customer complaints.
<b>Early Termination Damages</b>	Amount of the average monthly Royalty Fees and Brand Fund contributions that you owed for the 12-month period prior to termination, multiplied by the lesser of 48 months or the number of months remaining in the term of the Franchise Agreement	Within 30 days of our termination based upon your material default	Payable if you default on your obligations and we terminate the Franchise Agreement prior to the expiration of the term of the Franchise Agreement.
<b>Enforcement Expenses</b>	Reasonable cost of our attorneys' fees and expenses	Upon demand	Payable if we obtain injunctive or other relief for the enforcement of any term of the Franchise Agreement.

Type of Fee <sup>1</sup>	Amount	Date Due	Remarks
<b>Indemnification</b>	Will vary under circumstances	As incurred	You must reimburse us if we incur any expense, including attorneys' fees and other costs, or are held liable for claims arising out of the operation of your RMS Office.
<b>Interest and Late Fees</b>	1.5% per month or the maximum rate permitted by applicable law, whichever is less, plus a late fee in the amount of \$100	With payment of overdue amount	Payable if any payment is overdue. We calculate interest from the date the payment was due until paid in full.
<b>Insufficient Funds Fee</b>	\$25 and any bank fees incurred	With payment of overdue amount	Payable if you deliver a check which does not clear your bank account or where we are not able to complete an electronic funds transfer due to insufficient funds.
<b>Manual Replacement Fee</b>	\$2,500	As incurred	Payable if the Manual we loan to you is lost, stolen or destroyed.
<b>Private Securities Offering</b>	Up to \$10,000 or such greater amount as is necessary to reimburse us and our outside advisors for our expenses	With submission of offering materials for our review	Payable if you intend to offer securities to investors. This is in addition to the regular transfer fee. You also must reimburse us on an annual basis for our costs associated with providing information for your annual reports.
<b>Relocation Fee</b>	\$500 or such greater amount as is necessary to reimburse our reasonable expenses	Upon demand	Payable if you make a request to relocate your RMS Office.
<b>Reimbursement for Examination or Audit</b>	Actual cost of audit, including travel, lodging, wages and reasonable accounting and legal costs	Upon demand	Payable only if an examination or audit reveals an understatement of the Gross Sales by you of 2% or more. This is in addition to applicable interest and late fees.
<b>Reimbursement of our Expenses</b>	Amount we pay on your behalf	Upon demand	Payable only if we pay, or become obligated to pay, monies on your behalf by consent or otherwise under the Franchise Agreement including amounts we pay to obtain insurance for your RMS Office on your behalf if you fail to maintain the required insurance policies.
<b>Successor (Renewal) Franchise Fee</b>	\$3,500	Upon execution of a successor franchise agreement	If you choose to and are approved to continue operating your RMS Office for a successor term you must sign our then current form of successor franchise agreement.

Type of Fee <sup>1</sup>	Amount	Date Due	Remarks
<b>Supplier Evaluation</b>	Reasonable costs of evaluation	Upon demand	Payable whether or not we approve the supplier. Please see item 8 for additional details.
<b>Taxes</b>	Amount imposed on us	Upon demand	You must reimburse us for any taxes, fees or assessments imposed on us for acting as a franchisor or licensing the Proprietary Marks to you.
<b>Training – Replacement Personnel</b>	\$2,500 per person	Upon demand	If you need to send your replacement Managing Owner, Office Manager, or managerial staff to our training program. Please see Item 11 for a description of these roles and additional details regarding our training program.
<b>Training – On Site</b>	\$500 per representative per day and travel expenses	Upon demand	Payable if we send a representative to your RMS Office to provide training for your staff.
<b>Transfer Fee – Franchise Agreement</b>	\$3,500 or greater amount that is necessary to reimburse us for our costs to review the transfer application	With Transfer Notice	Payable if you propose to sell or transfer your RMS Office, the Franchise Agreement or an ownership interest. We will not process the transfer prior to receipt of the Transfer Fee.
<b>Transfer Fee – Development Agreement</b>	\$3,500 for each RMS Office option that is pending or greater amount that is necessary to reimburse us for our costs to review the transfer application	With Transfer Notice	Payable if you propose to sell or transfer the Development Agreement or an ownership interest. We will not process the transfer prior to receipt of the Transfer Fee.
<b>Quality Assurance Programs</b>	Our out of pocket costs	As incurred	You must pay costs that we incur to third parties to carry out quality assurance programs for your RMS Office.

**NOTES TO CHART:**

1. Unless otherwise noted, all of the fees or charges described in this Item derive from the Franchise Agreement. Unless otherwise noted, all fees are non-refundable, payable to us, and uniformly imposed on all franchisees; however, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee.
2. **“Gross Sales”** means the aggregate amount of all revenues generated from the sale of all services, products, merchandise and all other income of every kind related to your RMS Office (including the proceeds from business interruption insurance), whether for cash or credit (and regardless of collection in the case of credit). You may not reduce Gross Sales by the amount of any discounts provided to employees, family members and other businesses that you control. The following are not included in Gross Sales: (1) the amount of any credits, allowances and adjustments; (2) the amount of any sales taxes or other taxes that you collect from customers and

pay directly to the appropriate taxing authority; and (3) proceeds from insurance with respect to property damage or liability. We reserve the right to modify our policies consistent with residential cleaning industry practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change.

3. You must designate an account at a commercial bank of your choice (“**Account**”) for the payment of amounts due to us and/or our affiliates, including but not limited to Royalty Fees and Brand Fund Contributions and Webpage Hosting Fees. You must furnish us and the bank with authorizations as necessary to permit us to make withdrawals from the Account by electronic funds transfer. We will obtain payment by electronic debit to your account each month.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT FRANCHISE AGREEMENT

TYPE OF EXPENDITURES	ESTIMATED RANGE		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Initial Franchise Fee (Note 1)	\$60,000	\$67,500	Lump sum	When you sign the Franchise Agreement	Us
Webpage Setup and Hosting Fee (Note 2)	\$1,500	\$1,500	Lump sum	When you sign the Franchise Agreement	Us
Office Setup Service Fee (Note 3)	\$5,000	\$5,000	Lump sum	When you sign the Franchise Agreement	Us
Rent – 3 - 6 Months (Note 4)	\$1,200	\$6,000	As required by payee	As incurred	Landlord
Security Deposit (Note 5)	\$400	\$1,000	As required by payee	As incurred	Landlord
Utilities – 3 Months (Note 6)	\$120	\$300	As required by payee	As incurred	Utility companies
Furnishings and Fixtures (Note 7)	\$1,000	\$2,000	As required by payee	As incurred	Suppliers
Other Equipment and Cleaning Supplies (Note 8)	\$500	\$2,000	As required by payee	As incurred	Suppliers
Signs (Note 9)	\$300	\$400	As required by payee	As incurred	Suppliers
Computer Equipment and Software (Note 10)	\$2,000	\$3,300	As required by payee	As incurred	Suppliers
Office Supplies (Note 11)	\$250	\$500	As required by payee	As incurred	Suppliers

TYPE OF EXPENDITURES	ESTIMATED RANGE		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Vehicles (Note 12)	\$3,500	\$4,500	As required by payee	As incurred	Suppliers
Vehicle Signage (Note 13)	\$175	\$300	As required by payee	As incurred	Suppliers
Uniforms (Note 14)	\$405	\$600	As required by payee	As incurred	Suppliers
Insurance (Note 15)	\$1,200	\$2,300	As required by payee	As incurred	Insurance company
Business Licenses, Permits and Bonds (Note 16)	\$100	\$200	As required by payee	As incurred	Governmental agencies
Professional Fees (Note 17)	\$1,000	\$3,000	As required by payee	As incurred	Lawyers, accountants, etc.
Market Introduction Program (Note 18)	\$5,000	\$5,000	As required by payee	As incurred	Suppliers, media
Miscellaneous Opening Expenses (Note 19)	\$500	\$1,000	As required by payee	As incurred	Various suppliers
Salary & Wages (Note 20)	\$9,000	\$15,000	As required by payee	As incurred	Employees
Additional Funds - First 3 Months (Note 21)	\$15,000	\$15,000	As required by payee	As incurred	Various suppliers
<b>Total Estimated Initial Investment</b>	<b>\$108,150</b>	<b>\$136,400</b>			

#### **NOTES:**

Costs paid to us are non-refundable. Whether any costs paid to third parties are refundable will vary based on the practice in the area where your RMS Office is located. If you sign a Development Agreement, the only investment required under that Agreement is payment of the Development Fee, which is described in Item 5. We do not offer any financing directly or indirectly for any part of the initial investment.

1. Initial Franchise Fee. The initial franchise fee is described in Item 5 of this disclosure document. The low estimate of the initial franchise fee reflects a Territory with 40,000 Qualified Households. The high estimate of the initial franchise fee reflects a Territory with 50,000 Qualified Households.
2. Webpage Setup and Hosting Fee. See Item 5.
3. Office Setup Service Fee. If you would like our assistance in setting up your RMS Office, you may pay us this fee to cover our expenses in providing assistance to you in identifying, acquiring the necessary interest in, and setting up your RMS Office. This fee is optional and is described in Item 5 of the disclosure document.
4. Leasehold Expenses. We estimate that a typical RMS Office facility will need from 400 to 800 square feet of space, and we estimate leasehold expenses will range from \$12 to \$18 per square foot. We cannot estimate the leasehold expenses that you will make to third party lessors since

these payments will vary considerably depending upon the property size, type of transaction and location. Any lease that you sign for your RMS Office facility must contain the provisions set forth in the Franchise Agreement and the Addendum to Lease form attached as Exhibit D to the Franchise Agreement. You may be required to pay the first and last months' lease payment upon signing your lease agreement. Additionally, some leases are triple net leases which require the tenant to pay rent plus all taxes, insurance and maintenance expenses, while other leases may charge a variable rent based on a percentage of your income, with no fixed minimum rental charge. You should investigate applicable leasehold expenses in your own area.

5. Security Deposit. Most landlords require a security deposit, which is typically equal to one month's rent.
6. Utilities. You will incur utility costs in connection with the operation of your RMS Office for electricity, water, gas, telephone, trash removal, etc. Some of these expenses may be included in your monthly rent. The estimates included utility costs for the first three months of operations. These estimates do not include the amounts of refundable security deposits that may be required by some utility companies.
7. Furnishings and Fixtures. This estimate covers the cost of purchasing a desk, chair, filing cabinet, and certain other items.
8. Equipment. This estimate covers the office equipment and cleaning equipment (such as vacuum cleaners).
9. Signs. Your RMS Office must have door signs in the style and format we require.
10. Computer Equipment and Software. See Item 11.
11. Office Supplies. This estimate includes office supplies (including stationery and business cards).
12. Vehicles. You must have at least two white vehicles in the make, model and color we specify. We currently have approved the Toyota Corolla and the Ford Focus. The estimate includes the deposit and first month's rental cost to lease two vehicles.
13. Vehicle Signage. Your vehicles must have vehicle decal signs in the style and format we require.
14. Uniforms. The low estimate is for 15 maid uniforms at \$27 each. The high estimate is for 15 maid uniforms at \$40 each.
15. Insurance. The low estimate is for three months of premiums for the required insurance. See Item 8 for additional details.
16. Business Licenses and Permits. You must obtain all necessary permits and licenses required by applicable law before you begin operating your RMS Office.
17. Professional Fees. We do not require you to consult with a lawyer, accountant or other professional before beginning operations. However, we strongly suggest that you do. Rates for professionals can vary significantly based on geographic area, specialization and experience.
18. Market Introduction Program. We require that you spend at least \$5,000 for grand opening advertisement and promotion for a four month period beginning one month prior to opening. See Item 11.

19. Miscellaneous Opening Costs. The estimate includes miscellaneous unexpected expenses that you may incur before your RMS Office first opens for business.
20. Salary & Wages. The estimate is for salary and wages for your employees for the first three months of operations. The estimate assumes \$750 per week for a staff of two people for the first four weeks, and five people starting on the fifth week. Prevailing wage rates in your area and your arrangements with your staff members will likely affect your actual costs.
21. Additional Funds. You will need capital to support on-going expenses, such as taxes, overhead, and other miscellaneous expenses, to the extent these expenses may exceed your revenues. This estimate does not include any advertising costs other than your Market Introduction Program expenses. We believe that the estimated amount will be sufficient to cover on-going expenses in excess of your revenues for the first three months of operation. This amount is an estimate, and it does not include any debt service payments or owner's draw. We cannot guarantee that you will not have additional expenses starting your business. Your actual costs will depend on factors such as your managerial skills, experience and business acumen, economic conditions, the local market for your business, competition and the performance of your RMS Office. We relied on our experience in operating RMS Offices since 1995 in estimating your needs for additional funds.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **System Standards**

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate your RMS Office in strict conformance with our System standards, including the methods, standards, and specifications we prescribe from time to time in the Manual or otherwise in writing. The System standards may relate to any aspect of the operation of an RMS Office.

#### **Suppliers**

You must purchase your equipment, cleaning supplies, products, furnishings, information technology services, credit card processing services, and other products and services that you purchase for operation of or sale in your RMS Office in accordance with our specifications and quality standards and, if applicable, only from suppliers we have designated or approved (which may include us or our affiliates). Items in this category also include the management software and initial direct mail marketing materials. A complete list of these items and services, and the approved suppliers for each, is contained in the Manual or will otherwise be provided to you in writing. We and our affiliates may earn a profit on products and services sold to you and other RMS Office franchisees, and may receive rebates or other consideration from unaffiliated suppliers with respect to their sales of products or services to you or other RMS Office franchisees, whether or not the product or service is presently mentioned in this Item.

If we require you to use an approved supplier for a particular item, but you wish to purchase the item from a supplier that we have not approved, you may submit a written request for approval of the supplier, unless it is an item for which we have designated a particular vendor as the source for the particular product or service. We will provide our standards and specifications to you or to the proposed supplier, subject to the supplier's execution of a confidentiality agreement in a form acceptable to us. We have the right to inspect the proposed supplier's facilities and to require delivery of product samples either to us or to an independent laboratory designated by us for testing. You may be required to pay a fee, which will not exceed our reasonable costs incurred in evaluating the supplier, regardless of whether or not we approve the supplier. You may not purchase, sell, or offer for sale any products or services of the proposed supplier until you receive our written approval of the proposed supplier. We generally will give you written notice of approval or disapproval of the proposed supplier within 120 days after receiving your request and completion of evaluation and testing, if required. You may not sell or offer for sale any products or services of the proposed supplier until you receive our written approval.



We have the right to revoke approval of particular suppliers if we determine that the suppliers or their products or services no longer meet our standards. Upon receipt of written notice of revocation, you must stop buying from the disapproved supplier. In addition, if we revoke our approval of the products because they fail to meet our standards, you may be required not to use your remaining inventory of those products.

We and our affiliates are not currently approved suppliers for any of the items or services used in the establishment and operation of RMS Offices. We or our affiliates may become approved suppliers of certain items or services in the future. We and our affiliates may derive revenue from the sale of items or services to you. In our last fiscal year (2024), we did not have any revenues from the sale of items and services to our franchisees.

None of our officers own an interest in any approved suppliers. In our last fiscal year, we and our affiliates did not receive any rebates or payments from approved suppliers on account of franchisee purchases or leases of required and approved items from those suppliers.

There currently are no purchasing or distribution cooperatives. We and our affiliates currently negotiate purchasing arrangements with suppliers (including price terms) for the benefit of our franchisees and our affiliates for the items and services that you may obtain only from approved suppliers. In doing so, we and our affiliates seek to promote the overall interests of the System. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

### **Lease**

If you lease the premises for your RMS Office, you must submit the proposed lease to us for approval before you sign it and you must use our form of Lease Addendum attached as Exhibit D to the Franchise Agreement. See Item 11 under the heading "Site Selection" for additional details.

### **Technology Systems**

For each RMS Office, you must purchase, install, and use certain brands, types, makes, and/or models of communications, computer and technology systems, such as an office computer, computer related equipment, communications devices, high speed internet service, printers, telephone, voice messaging, retrieval, and transmission systems, and audio/visual equipment and software systems that we specify in writing from time to time. Please see Item 11 for further information on our technology system requirements.

### **Insurance**

Before undertaking any activities in connection with your franchise, you must obtain insurance policies meeting our current requirements, at your expense. This insurance must protect you, us, and our affiliates, officers, directors, shareholders and employees against all claims for personal injury, death, or property damage, or any loss, liability or expense arising from the operation of your RMS Office.

All insurance policies must be written by a carrier with an industry rating of A+ by A.M. Best and Company, Inc. (or any similar criteria that we periodically specify). Liability policies must name us and our affiliates as an additional insured, and must provide us with 30 days prior written notice of termination, expiration or cancellation of the policy. You must provide us with certificates of insurance evidencing the proper types and at least the minimum amounts of coverage that we require.

Currently we require the following insurance:

TYPE OF INSURANCE POLICY	COVERAGE REQUIREMENTS
Commercial General Liability	\$1 million per occurrence, at least \$1 million aggregate, and at least \$1 million per person, with a maximum deductible of \$2,500
Bond for Third Party Dishonesty (Theft)	\$10,000
All risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of your RMS Office (including flood and/or earthquake coverage where there are known risks)	Replacement Value
Automobile Liability (comprehensive and collision)	\$300,000 per occurrence, at least \$300,000 per person, with \$300,000 per person medical benefits, and a maximum deductible of \$500
Workers' Compensation	As required by applicable law
Umbrella Policy	\$1 million

Your commercial general liability policy must provide lost key coverage to re-key customer homes or offices if the customers' keys become lost or damaged while in your care, custody or control, and third-party dishonesty coverage on all employees to pay for theft by an employee of any customer or property.

We have the right to increase the amounts of coverage required and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, new risks, changes in the law or standards of liability, higher damage awards or other relevant changes in circumstances.

All public liability and property damage policies must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors and assigns. If you fail to maintain the required coverage, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus all out of pocket expenses incurred.

\* \* \*

We estimate that you will purchase 70% to 85% of the products that are necessary to establish your RMS Office from approved suppliers that are subject to our standards and specifications. After you open your RMS Office, we estimate that you will purchase 70% to 85% of the products that are necessary to operate your RMS Office from approved suppliers that are subject to our standards and specifications.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement and Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA: 3.2 – 3.4 DA: 3.2	5, 7, 8, 11 and 12
b. Pre-opening purchases/ leases	FA: 3.3-3.6 and 11 DA: Not Applicable	5, 7, 8 and 12

<b>Obligation</b>	<b>Section in Franchise Agreement and Development Agreement</b>	<b>Disclosure Document Item</b>
c. Site development and other pre-opening requirements	FA: 3 DA: 3	5, 6, 7, 8, 11 and 12
d. Initial and ongoing training	FA: 6 DA: Not applicable	6, 7 and 11
e. Opening	FA: 3.6 DA: Not Applicable	11
f. Fees	FA: 3, 4, 6.3, 6.4, 8.4, 8.14.2, 10.3, 16.4, 16.7 and 18.4 DA: 2	5, 6 and 7
g. Compliance with standards and policies/Operating Manual	FA: 7, 8 and 10 DA: 3	11 and 14
h. Trademarks and proprietary information	FA: 13 DA: Not Applicable	13 and 14
i. Restrictions on products/ services offered	FA: 8.2, 8.3 and 8.6 DA: Not Applicable	8 and 16
j. Warranty and customer service requirements	FA: 8.14 and 8.3 DA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: 2.3 DA: 1.2, 1.3., 1.4 and 3.1	1 and 12
l. Ongoing product/service purchases	FA: 8.2 DA: Not Applicable	6, 7 and 8
m. Maintenance, appearance and remodeling requirements	FA: 8.9 and 9.3 DA: Not Applicable	11
n. Insurance	FA: 11 DA: Not Applicable	7 and 8
o. Advertising	FA: 10 DA: Not Applicable	6 and 11
p. Indemnification	FA: 21 DA: 8	Not Applicable
q. Owner's participation/ management/staffing	FA: 6, 8.15-8.16, 14 and Exhibit B DA: 4	11 and 15
r. Records and reports	FA: 12 DA: Not Applicable	6
s. Inspections and audits	FA: 8.9.2, 8.10 and 12.4 DA: Not Applicable	6 and 11

<b>Obligation</b>	<b>Section in Franchise Agreement and Development Agreement</b>	<b>Disclosure Document Item</b>
t. Transfer	FA: 16 DA: 6	17
u. Renewal	FA: 18 DA: Not Applicable	17
v. Post-termination obligations	FA: 20 DA: 7.4	17
w. Non-competition covenants	FA: 15 DA: 5.2	17
x. Dispute resolution	FA: 26 DA: 8	17
y. Other – Personal Guarantee	FA: Exhibit C DA: Not Applicable	15

## **ITEM 10 FINANCING**

We do not offer direct or indirect financing to franchisees. We will not guarantee your promissory note, lease, or other obligation.

## **ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, The Royal Maid Enterprises, Inc. is not required to provide you with any assistance.**

### **Our Obligations Prior to Opening:**

Before your RMS Office opens, we will:

1. Provide site selection criteria for your RMS Office facility. (Franchise Agreement, Section 3.2.1)
2. Review your lease for your office premises. (Franchise Agreement, Sections 3.4 and 5.3)
3. Provide one set of our prototypical plans for the construction and layout of an RMS Office. (Franchise Agreement, Sections 3.5 and 5.1)
4. Provide the Manual on loan for the term of the Agreement. The table of contents for the Manual appears in Exhibit D of this disclosure document. As of the issuance date of this disclosure document, the Manual contains 64 pages. (Franchise Agreement, Sections 5.4 and 7)
5. Provide a training program for your Managing Owner. See below under “Training.” (Franchise Agreement, Sections 5.5 and 6)
6. Provide pre-opening and opening supervision and assistance, as we deem advisable. (Franchise Agreement, Section 5.6)

7. Provide a recommended marketing plan template and approved marketing materials for use during the Market Introduction Period, as described below under “Advertising.” (Franchise Agreement, Section 10.2)

### **Continuing Obligations**

After your RMS Office opens, we will:

1. Provide advice and written materials concerning techniques of managing and operating an RMS Office. (Franchise Agreement, Section 5.6)
2. Administer the Brand Fund and make available to you for purchase any advertising and promotional materials that we may produce independently from the Brand Fund (Franchise Agreement, Sections 5.8 and 10.4)
3. At your request, review any proposed supplier to determine whether the supplier and its products or services meet our standards. (Franchise Agreement, Section 8.4)
4. Review your proposed marketing materials and notify you of our approval or disapproval of those items within 10 business days after receipt. (Franchise Agreement, Section 10.7)

### **Site Selection and Construction**

The procedure for constructing and opening an RMS Office is outlined in Section 3 of the Franchise Agreement. You must secure a site and buildout the office for your RMS Office at your own expense.

You are responsible for selecting and acquiring your Office Location which meets our site selection criteria. You may not lease or purchase a site for your RMS Office until after we have accepted the site in writing. We will provide you with our site selection criteria for an RMS Office and, as you may request, a reasonable amount of consultation with respect to the site selection process. RMS Offices need 400 to 800 square feet with the ability to install washer and dryer hook-ups in the office. A home office is not suitable for an RMS Office. The factors we consider in approving sites include location, size, suitability, layout, access and visibility of the proposed location, proximity to customer concentrations; nature of any nearby businesses, population density and demographics, vehicle traffic, pedestrian traffic, existing tenant mix, parking convenience, and other factors that may be relevant to your market. We will accept or reject your proposed site within 15 days after receipt of your site application.

You must acquire a possessory or leasehold interest in your Office Location within 90 days after signing the Franchise Agreement (“**Site Acquisition Deadline**”). If we don’t accept a site for your RMS Office or if you fail to meet the Site Acquisition Deadline, we will have the right to terminate the Franchise Agreement. If you lease the premises for your RMS Office, you must submit the proposed lease to us for approval before you sign it and you must use our form of Lease Addendum attached as Exhibit D to the Franchise Agreement. The lease shall not contain any covenants or other obligations that would prevent you from performing your obligations under the Franchise Agreement.

We will provide our standard RMS Office layout plans and specifications for equipment, vehicles, fixtures, furniture, décor items, lighting, utilities and hookups, layout, interior and exterior signage; security, a safe and a safe room for customer keys, and timing for events. You must purchase or lease approved brands, types or models of equipment, vehicles, fixtures, furniture, décor, lighting, other supplies and signage only from suppliers designated or approved by us, which may include us or our affiliates. You do not need to obtain our approval of your office layout or design.

You must build out your RMS Office and open your RMS Office by providing residential cleaning services to customers located within your Territory within 180 days after signing the Franchise Agreement

or we will have the right to terminate the Franchise Agreement. It typically takes 60 to 90 days to open an RMS Office. If you are seeking an E2 Visa, it typically takes 180 days to open an RMS Office after obtaining your Visa. Factors that affect this length of time include: securing any necessary financing; selecting the site; negotiating the lease; obtaining necessary permits; delivery of equipment, inventory and supplies; completing our initial training program; and hiring and training a manager and other employees.

### **Technology Requirements**

You must acquire and install in your RMS Office, at your own expense, the computer and technology systems that we specify in writing from time to time. Our specifications may evolve over time and, in some cases, required items may only be available through us and/or designated suppliers.

We currently require franchisees to purchase the equipment and services listed below at an estimated cost of \$2,000 to \$3,300.

<b>Component</b>	<b>Function</b>
Personal computer for office (HP Pavilion All In One) <ul style="list-style-type: none"> <li>• Processor: 3.0 GHz</li> <li>• Hard drive: 1TB hard drive</li> <li>• Memory: 8 GB</li> <li>• Additional Drive: 48x CD-RW</li> <li>• Cards: video and sound</li> <li>• Speakers</li> <li>• Built in wireless LAN</li> </ul>	Runs the software described below and supports point-of-sale system.
Software <ul style="list-style-type: none"> <li>• Workwave</li> <li>• Microsoft Office 365 (Microsoft)</li> <li>• Intuit Quicken Pro (Intuit)</li> <li>• Utility programs (e.g., Symantec)</li> <li>• Microsoft Windows 10</li> <li>• Internet / communications software</li> </ul>	Allows CPU to perform required functions, such as scheduling, word processing, accounting and communication functions.
All-In-One color printer/scanner/copier (HP Office Jet pro)	Prints marketing materials, contracts, and other business forms.
High-speed Internet connection (DSL or cable) and email account	Allows electronic communication and data transfer.

Any computer equipment approved by us may be used to: manage customer service schedules; manage staff schedules; manage your revenues and expenses; manage your business records and reports; communicate with us electronically; download and print System documents; prepare and submit to us periodic reports; and perform other functions. The type of information or data that may be collected or generated on your computer system include: customer accounts and contact information; maid staff contact information and work schedules; revenues and expense; and other matters.

The computer system collects transaction data used to generate pertinent information, including customer data. You must transmit data to us at the times we specify and give us independent access to your systems (and provide us with any user names and passwords necessary for that purpose). There are no contractual limitations on our ability to access the information and data contained in your systems. We and our affiliates have the right to retain the information and to use it internally without restriction.

You must keep your technology equipment and services in good maintenance and repair. We estimate that it will cost you \$300 to \$500 per year to maintain your technology equipment. We may periodically require you to upgrade or update the required equipment and services during the term of the franchise, and there is no contractual limitation on the frequency or cost of these upgrades or updates. If we require the purchase of additional computer equipment or services, or other equipment and services, we will provide you with reasonable consultation to assist you to comply with our requirements, and we will provide a list of any approved suppliers. You must promptly purchase, install, and implement at your expense, any additions, changes, modifications or substitutions to your technology equipment and services as we may periodically require within the time period we specify.

You must honor all credit, charge, courtesy or cash cards or other credit devices that we specify. You must comply with the then-current Payment Card Industry Data Security Standards (PCI/DSS), as those standards may be revised by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)) or successor organization.

## **Training**

### **RMS Training Program**

For your first RMS Office, at least 30 days before opening, your Managing Owner must attend and successfully complete our initial training program to our satisfaction. You may bring additional staff members to the training program at no charge. The training program consists of web-based pre-training modules that your trainees can complete at home, which are designed to familiarize you with RMS and its affiliates, its history, culture and service and product offerings to consumers, and then up to five days of classroom and on-the-job training at your RMS Office. We may increase or reduce the required training based on our assessment of an individual's prior experience.

Upon successful completion of the web-based pre-training modules, your trainees can attend the next regularly scheduled training program without charge. Your trainees will be required to present evidence of attendance and successful completion of the pre-training modules prior to attending the initial training program. We may terminate the Franchise Agreement if your Managing Owner fails to attend or successfully complete the training program to our satisfaction.

We do not charge a tuition fee for the training program for your first RMS Office; however, you must pay all expenses of your trainees. Your expenses will include the cost of the wages of your employees. We will certify any supervisory employee of yours who successfully completes the training program to our satisfaction as a "**Trainer.**" We will not permit you to open your RMS Office until your Managing Owner has been certified as a Trainer after successfully completing the training program to our satisfaction.

### **TRAINING PROGRAM**

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
RMS Franchise System Standards -General	12	0	Online Course
RMS Franchise System Standards- Cleaning Homes	12	0	Online Course
RMS Franchisee Responsibilities	12	0	Online Course
RMS Franchise Unit Personnel Recruitment and Training	12	0	Online Course
RMS Franchisee Business Development	12	0	Online Course

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
RMS Franchise System Standards -General	12	0	Online Course
RMS Franchise System Standards- Cleaning Homes	12	0	Online Course
RMS Franchisee Responsibilities	12	0	Online Course
RMS Franchise Unit Personnel Recruitment and Training	12	0	Online Course
RMS Franchisee Business Development	12	0	Online Course
Customer Acquisition	0	16	Your RMS Office
Cleaning Methods	0	16	Your RMS Office
Service Pricing	0	8	Your RMS Office
Accounting/Software	0	10	Your RMS Office
Total Hours	60	50	

We will schedule initial training as needed for new franchisees, to be completed at least 30 days before opening your RMS Office. The program is offered only in English. Our President, Michael Ma, will direct our training program. Mr. Ma has more than 10 years of experience in training with RMS.

The instructional materials may include handouts, the Manual and online learning materials.

#### Train the Trainer Program

Periodically, you must conduct required training programs for your employees, including those training programs that will enable your employees to become certified for the position(s) for which they were hired. Prior to opening your RMS Office and offering cleaning services to the public, your Trainers must train your staff. We will not authorize you to open the RMS Office and provide cleaning services to the public until you have hired and trained at least one cleaning crew comprised of two people. Within 90 days after opening your RMS, you must hire and train an Office Manager.

Your Trainers must fully train your employees within 30 days of being hired. Your Trainers also will offer the RMS training program to your replacement Managing Owner, Office Manager and additional managerial staff before they assume a managerial role. We will evaluate all managers trained by you and determine whether to certify them as Trainers. You will be responsible for all costs that you incur in training your employees. If you need to send your replacement Managing Owner, Office Manager, or managerial staff to our training program, you must pay a training fee in the amount of \$2,500 per person (we may waive this fee if we have availability in a previously scheduled training program). If we elect to send our representative to your office to provide training for your staff, you must pay a training fee in the amount of \$500 per representative, per day, and all travel, living and other expenses incurred by our representative(s).

If you or your affiliates operate an RMS Office, the training of your Managing Owner, Office Manager and staff will be your responsibility. You must confirm to us in writing that you have trained these individuals, except for any persons who have previously completed our training program to our satisfaction. The content and administration of your training program must be at least equal to those of our training program and must be approved in advance by us. We have the right to review your training program periodically to ensure its quality and to verify that your personnel are being trained in a timely and satisfactory manner.



If your training program does not meet our standards, and you do not cure the situation in a timely manner, we may require your Managing Owner and Office Manager to attend our training program at your expense (including payment of the \$2,500 per person training fees), until such time as the deficiencies in your program have been corrected to our satisfaction.

#### Additional Training Programs

We may require you or your employees to attend and successfully complete additional training programs at your expense. These additional training programs may include classroom training, web-based training and programs offered by third parties.

We may hold an annual convention, regional meetings, and conferences for our franchisees that your Managing Owner must attend.

We will advise and consult with you periodically in connection with the operation of your RMS Office. We may provide these services through visits by our representatives to your office, the distribution of printed, filmed or electronic information, meetings or seminars, telephone communications, e-mail communications or other communications. We will periodically inspect your RMS Office operations to provide assistance and ensure compliance with the System. At your request, we may provide special assistance to you for which you will be required to pay our per diem training fees and charges that we may establish from time to time.

#### Advertising

##### Market Introduction Program

You must advertise and promote your RMS Office for a four-month period beginning one month prior to opening through three months following the opening of your RMS Office ("**Market Introduction Period**"). We will provide to you a recommended marketing plan template for the Market Introduction Period ("**Market Introduction Plan**") and approved marketing materials for RMS Offices ("**Market Introduction Materials**"). You may modify the Market Introduction Plan and Market Introduction Materials to meet your local market needs. You must submit your Market Introduction Plan to us for our review and approval, including total expenditures, at least 45 days prior to implementation. You may not begin implementing the Market Introduction Plan without our written approval. You must spend at least \$5,000 during the Market Introduction Period. If you fail to spend the required amount during the Market Introduction Period, you must spend the balance for Local Marketing as described below.

##### Marketing Contributions and Expenditures

You must make contributions to the RMS Brand Fund, make Local Marketing expenditures and contribute to a Cooperative if a Cooperative has been established in the Designated Market Area ("**DMA**") in which your Territory is located. We have the right to periodically re-allocate and/or increase the amount you contribute to the Brand Fund and any Cooperative and the amount you spend for Local Marketing effective upon 90 days' notice; however, we will not increase your total marketing contributions and expenditures above 5% of Gross Sales.

##### Brand Fund

We have established the Brand Fund for the enhancement, promotion and protection of the System and the Proprietary Marks. No later than 15 days prior to the first anniversary of the date that you open your RMS Office by providing residential cleaning services to customers located within your Territory, you must make a first year introductory Brand Fund contribution in the amount of \$1,000. Commencing with the second year of operation, you must contribute the greater of \$500 or 1% of the monthly Gross Sales of your RMS Office to the Brand Fund. We have the right to direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Fund,

with final discretion over the strategic direction, creative concepts, materials and endorsements used, and the geographic, market and media placement and allocation. You must participate in all advertising, marketing, promotions, research, and public relations programs instituted by the Brand Fund.

Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, free standing inserts, brochures, logo wear, labeling, video, audio, and written materials and electronic media, and other advertising and promotional materials; (2) media placement and buying, including all associated expenses and fees; (3) administering regional and multi-regional marketing and advertising programs; (4) market research and customer satisfaction surveys, including the use of secret shoppers; (5) the creative development of, and actual production associated with, premium items, giveaways, promotions, sweepstakes, contests, public relation events, and charitable or nonprofit events; (6) creative development of signage, posters, and individual RMS Office décor items including wall graphics; (7) recognition and awards events and programs including periodic national and regional conventions and meetings; (8) design, establishment, and maintenance of websites, extranets, intranets, search rankings, social media profiles, mobile application and other online and mobile presence; (9) retention and payment of personalities engaged as spokespersons, celebrity endorsements, advertising and promotional agencies, endorsement contracts, and other outside advisors including retainer and management fees; (10) sponsorship of sporting, charitable, or similar events; (11) review of locally produced marketing materials; (12) list acquisition and development; (13) association dues; (14) affinity program development; (15) development of third party facilities for the customization of local advertising; and (16) public relations and community involvement activities and programs.

We may sell certain advertising materials, merchandise and premium items to you that are developed by the Brand Fund and the earnings from such sales will be deposited in the Brand Fund. The Brand Fund also may be used to pay our reasonable salaries and expenses of our and our affiliates' employees who work on advertising, marketing, public relations materials, programs, activities or promotions prepared, planned or undertaken on behalf of the Brand Fund and professional fees and administrative costs and overhead that we or our affiliates incur in activities reasonably related to the administration and activities of the Brand Fund (including accounting fees, legal fees, and interest on monies borrowed by the Brand Fund). We will not use the Brand Fund for anything whose sole purpose is the marketing of franchises, however, the System website, public relations activities, community involvement activities and other activities supported by the Brand Fund may contain information about franchising opportunities.

We may seek the advice of RMS franchisees by formal or informal means with respect to the creative concepts and media used for programs financed by the Brand Fund. However, we retain final authority on all programs financed by the Brand Fund. We have the right to change or dissolve the Brand Fund at any time.

The Brand Fund (including any earnings on unspent funds) will be used to maximize general public recognition, acceptance, and patronage of RMS Offices. We are not obligated to make Brand Fund expenditures for you which are equivalent or proportional to your contributions, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund. The Brand Fund is not a trust and we have no fiduciary obligation in collecting payments, maintaining the bank account, bookkeeping, or disbursement of monies from the Brand Fund. During our last fiscal year, which ended on December 31, 2024, we spent Brand Fund contributions in the following approximate amounts: 40% on media/web placement, 45% on administrative expenses, and 15% on creating media advertising.

### Local Marketing

You must develop, on an annual basis, a Marketing Plan that we have approved for you, your RMS Office, and your market area. You must comply with all requirements regarding the Marketing Plan, including the use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, search engine optimization activities, and compliance

with all promotional recommendations. You must spend for advertising and marketing in your market area (“**Local Marketing**”) at least 1% of your annual Gross Sales. You must begin conducting Local Marketing after the expiration of the Market Introduction Period. Within 30 days after the end of each quarter, you will send us an accounting of your Local Marketing expenditures during the preceding quarter. If you fail to expend on an annual basis, the required amount, then you must contribute to the Brand Fund any amounts that you should have expended to reach the local advertising requirement within 30 days after the close of our fiscal year. We must approve all Local Marketing as described below. You also must participate in special promotions, product and service offering launches and price point promotions that we establish from time to time at your expense, provided such promotions do not violate applicable law.

#### Joint Marketing Programs and Cooperatives

We have the right to establish: (1) co-marketing programs in which we and our franchisees join with suppliers or other third parties to cross-promote goods and services; (2) joint marketing efforts in which multiple franchised and affiliate-owned RMS Offices contribute to a specific ad or event; and/or (3) local or regional Cooperatives that pool funds of franchised and affiliate-owned RMS Offices on an ongoing basis to jointly promote the Proprietary Marks and the RMS Offices of the members. You must participate in each applicable joint marketing program and comply with the rules of the program. The following provisions apply to Cooperatives:

- We have the right to designate any geographic area or set of common characteristics for purposes of establishing a Cooperative. If a Cooperative is applicable to your RMS Office, you must become a member and begin contributing. You will not have to contribute to more than one Cooperative for the same RMS Office at the same time. We (or our affiliates, as the case may be) will become a member of any Cooperative that is applicable to an RMS Office owned by us or our affiliates.
- Each Cooperative will adopt a cooperative agreement governing the organization and operation of the Cooperative, subject to our approval. If the members of the Cooperative do not sign an agreement within a reasonable time, you agree to sign our recommended form of Cooperative Agreement. We reserve the right to change the form of organization, governing documents, and manner of operation of any Cooperative. No changes in the bylaws or other governing documents of a Cooperative may be made without our prior written consent.
- Each Cooperative will be organized for the exclusive purpose of developing, administering, and executing advertising programs for the members of the Cooperative. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval as described below.
- You and each other member of the Cooperative must contribute monthly to the Cooperative up to 1% of the Gross Sales of your RMS Office which amount will result in a corresponding reduction in your Local Marketing obligation. We reserve the right to increase your Cooperative contribution by an additional 1% of the Gross Sales and this additional amount will not reduce your Local Marketing obligation.
- We may grant any franchisee an exemption for any length of time from the requirement of membership in a Cooperative, and/or from the obligation to contribute (including a reduction, deferral or waiver of the contribution), upon written request stating reasons that we deem sufficient to support the exemption. Our decision concerning any request for exemption will be final. If we grant an exemption to a franchisee, the franchisee will be required to spend on Local Marketing the amount the franchisee otherwise would have been required to contribute to the Cooperative.

### Approval Requirement

All advertising and promotion by you and by any Cooperative must be in the type of media and format that we approve, must be conducted in a dignified manner, and must conform to our standards and requirements. You or the Cooperative must submit written samples of all proposed advertising and promotional plans and materials for our approval at least 10 business days before their intended use, unless the plans and materials were prepared by us or have been approved by us within the last 12 months.

### Electronic Marketing and Electronic Communications

We will host and maintain an independent webpage for your RMS Office at an Internet address that we specify. We will provide and maintain this webpage using a standard template. You will use an e-mail address that we assign to you for official RMS Office use if we assign such an address to you (or to one or more of your employees), and you must use that e-mail address (and pay all fees associated with maintaining additional e-mail addresses if you request and we assign more than one e-mail address to you) in the manner and for the purposes that we reasonably require in the Manual or otherwise in writing. Unless we have agreed to it in writing, you may not use, register, maintain, or sponsor any URL, social networking platform, blog, messaging system, email account, user name, text address, mobile application, or other electronic, mobile or internet presence that uses or displays any of the Proprietary Marks (or any derivative thereof) or that promotes any products or services of your RMS Office. The use of any electronic medium constitutes advertising and promotion subject to our approval as described above. You may not transmit or cause any other party to transmit advertisements or solicitations by broadcast media, telephone, e-mail, text message, instant message, social network, VoIP, streaming media, or other electronic media without first obtaining our written consent as to: (1) the content of the advertisements or solicitations; and (2) the type of media intended to be used. All telephone answering messages, email auto-signatures, and other identifiers of your RMS Office must be in the form we prescribe. If we approve the use of an electronic medium, our approval will be conditioned on your compliance with any standards and procedures we issue with respect to that type of electronic medium, including the use of any disclaimers, warnings, and other statements that we may prescribe.

### Pricing and Promotional Activities

You are responsible for setting the prices for your RMS Office. We may offer suggested prices for you to consider in the Manual and, to the extent permitted by applicable law, we have the right to establish maximum and/or minimum prices that you must follow for all products and services that you sell. You must participate in and comply with the terms of special promotional events and activities that we prescribe for RMS Offices generally or in specific geographic areas or for specific types of venues. These events and activities may include special offer, limited time offer, and other pricing promotions and the featured price(s) may be less than your cost for the promoted item(s). If required by our agreement with a supplier, you may have to purchase a certain amount of products from the supplier in connection with a promotion and you might not be able to use or sell all of the products. You must bear your own costs of participating in these promotional events and activities. You must display promotional signs and materials and otherwise participate in the manner we specify.

## **ITEM 12 TERRITORY**

### **Franchise Agreement**

Under the Franchise Agreement, we will grant you the right to operate continuously your RMS Office from an Office Location that you will select based on our general site selection criteria and that we have accepted. If you comply with the Franchise Agreement, during the term of the Franchise Agreement, we and our affiliates will not operate, or license others to operate, RMS Offices within your Territory. Typically, the Territory will be comprised of contiguous zip code regions based on a population

of 40,000 Qualified Households. We will not permit a Territory to contain more than 50,000 Qualified Households. We currently use US Census data to identify Qualified Households.

During the term of your Franchise Agreement, and provided you are not in material uncured default of the Franchise Agreement, we and our affiliates will not operate, or license others to operate, another RMS Office that provides residential cleaning services to customers located within your Territory. 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. We reserve the rights to: (1) distribute products and supplies identified by the Proprietary Marks in the Territory through any method or channel of distribution other than through the operation of a residential cleaning business; (2) distribute products and supplies identified by the Proprietary Marks through other channels of distribution, including the Internet, wholesale, mail order and catalog; (3) operate, and license others to operate, during the term of the Franchise Agreement, cleaning businesses identified in whole or in part by the Proprietary Marks at any location outside of the Territory; (4) operate, and license others to operate, after the Franchise Agreement terminates or expires, cleaning businesses identified in whole or in part by the Proprietary Marks at any location, including locations inside the Territory; (5) operate, and license others to operate, at any location, including locations inside the Territory, during or after the term of the Franchise Agreement, any type of cleaning business other than a residential cleaning business identified in whole or in part by the Proprietary Marks; (6) develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks; and (7) purchase, be purchased by, merge or combine with, businesses that directly compete with RMS Offices. We will have no obligation to compensate you in connection with any such activities.

You will have the right to advertise and market the services of your RMS Office and directly solicit customers inside your Territory. You may not advertise your RMS Office or directly solicit customers outside of the Territory, unless you obtain our prior written permission. "Direct solicitation" includes, but is not limited to, solicitation in person, by telephone, by mail, by email, and by distribution of brochures, business cards or other materials. If any of your advertising within the Territory is in media that will or may reach a significant number of persons outside of the Territory, you must notify us in advance and obtain our prior written consent. We may establish rules and policies from time to time regarding such advertising. If you advertise in a medium whose distribution covers other franchised or company-operated RMS Office territories, you must include the contact information for all RMS Offices in the medium's distribution area in the advertising materials. We may, in our sole discretion, grant permission to you to market to and directly solicit customers in an open adjacent territory not assigned to an RMS Office, provided that should we assign that territory to a franchised or company-operated RMS Office, you agree to stop marketing in that territory, transfer those customers to the new RMS Office, and provide us with all customer information that you acquire relating to that territory. You will not have any rights of first refusal to the open territory.

Advertising and promotional materials created, placed, and/or distributed by us, other franchisees operating under the System, or other entities authorized by us, may appear in media distributed in, or may be directed to prospective customers located within, the Territory, including on the System website or any related online site. We are not required to compensate you for marketing within your Territory.

You may not relocate your office without our prior written consent, which may be withheld by us in our reasonable business discretion. If we approve a relocation of your office, you must pay a relocation fee in the amount of \$500 or such greater amount as is necessary to reimburse us for all reasonable expenses actually incurred by us in connection with the relocation.

Your territorial rights are not dependent on your achievement of a certain sales volume, market penetration, or other contingency. You do not receive any rights to acquire additional RMS Office franchises under the Franchise Agreement.

### **Development Agreement**

During the term of the Development Agreement, we and our affiliates will not operate, or license others to operate, any new RMS Offices that offer residential cleaning businesses in your Development Area, provided that you are in compliance with the terms of the Development Agreement and any other agreements with us and our affiliates and you are current on all obligations due to us and our affiliates. However, we may operate, and license others to operate, RMS Offices that offer residential cleaning businesses in the Development Area that are open and operating or under development when you sign the Development Agreement.

We have right during the term of your Development Agreement to: (1) distribute products and supplies identified by the Proprietary Marks in the Development Area through any method or channel of distribution other than through the operation of a residential cleaning business; (2) distribute products and supplies identified by the Proprietary Marks through other channels of distribution, including the internet, wholesale, mail order and catalog; (3) operate, and license others to operate, at any location, including locations inside the Development Area, any type of cleaning business identified in whole or in part by the Proprietary Marks other than a residential cleaning business; (4) develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks; and (5) purchase, be purchased by, merge or combine with, businesses that directly compete with RMS Offices. Because we reserve these rights, you will not receive an exclusive territory under the Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We will have no obligation to compensate you in connection with any such activities.

If you default on your obligations under the Development Agreement, in addition to our right to terminate the Development Agreement, we may temporarily suspend your rights to develop additional RMS Offices in any part of the Development Area; temporarily or permanently reduce the size of the Development Area (in which case we and our affiliates may engage, and authorize third parties to engage, in any business activities we or they deem appropriate, whether under the Marks or other trademarks, within that territory, including establishing and operating (and granting rights to others to establish and operate) RMS Offices located in that territory); and/or extend the time of the Development Schedule for any period of time that we determine.


### **Royal Maid Service Businesses**

Regal Maid Service businesses do not operate in the state of Florida. We offer franchises to operate Royal Maid Service businesses in the state of Florida that offer the same goods and services that you will offer for sale if you purchase a franchise for a Regal Maid Service business. We operate both businesses out of our office in Debary, Florida. Since we train franchisees of Royal Maid Service businesses and Regal Maid Service businesses at our franchisees' offices, we will not have any conflict regarding training facilities. We and our affiliates do not have any plans to operate any Regal Maid Service businesses. Royal Maid Service franchises will not solicit or accept business outside the state of Florida. We will offer the same level of support to Royal Maid Service businesses as we offer to Regal Maid Service businesses. If there is a conflict between you and us caused by a Royal Maid Service business, our management team will attempt to resolve the conflict after taking into account the specific facts of each situation and what is in the best interests of the affected businesses. However, we are not responsible for resolving conflicts between or among Royal Maid Service franchisees and Regal Maid Service franchisees.

## **ITEM 13 TRADEMARKS**

We grant you a non-exclusive license to use the Proprietary Marks during the term of the Franchise Agreement. We may also authorize you to use other current or future Proprietary Marks to operate your Business. By Proprietary Marks, we mean trade names, trademarks, service marks and logos we use to identify RMS Offices and the products sold in them. We have registered the following

marks with the United States Patent and Trademark Office (“USPTO”) on the Principal Register and all required affidavits of use and renewals have been filed:

Mark	Registration Date	Registration Number
REGAL MAID SERVICE	November 13, 2007	3336845
	November 28, 2017	5345822

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Proprietary Marks, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Proprietary Marks. There are no agreements that limit our rights to use or license the use of the Proprietary Marks.

We are aware of competitors based in Southgate, Kentucky, Fort Thomas, Kentucky, Broward County, Florida, and Amarillo Texas that are offering residential maid service under the Regal Maids mark. We believe that these competitors may have superior rights to this mark in their market areas. Otherwise, there are no infringing uses of the Marks actually known to us that could materially affect your use of the Marks.

You must notify us of any unauthorized use of the Proprietary Marks. You must also notify us of any challenge to the validity of, or the right to use, any of the Proprietary Marks. We have the right to control any administrative proceeding or litigation that involves the Proprietary Marks. This right includes the right to settle any of those disputes. We may, but are not required to, try to stop other people from using the Proprietary Marks.

We will defend you against any infringement claims that arise from your use of the Proprietary Marks or the Works (as defined in Item 14) at our expense, including the cost of any judgment or settlement, if your use of the Proprietary Marks and the Works complied with the Franchise Agreement, but at your expense if your use of the Proprietary Marks and the Works did not comply with the Franchise Agreement. You must assist us in any action we take to protect the Proprietary Marks. Unless this action results from your inappropriate use of the Proprietary Marks, we will reimburse you for your out-of-pocket costs in assisting us.

You must follow our rules when you use the Proprietary Marks. You may not use any of the Proprietary Marks as part of your corporate name, Internet domain name, or e-mail address, or with modifying words, designs or symbols without our prior written authorization. You may not use the Proprietary Marks for the sale of an unauthorized product or service or in any other manner not authorized by the Franchise Agreement.

We can modify the Proprietary Marks and/or substitute different marks for use in identifying our businesses and the System. You must promptly implement any modification or substitution at your own cost and expense. We will have no obligation or liability to you as a result of the modification or substitution.

#### **ITEM 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

##### **Patents**

No patents are material to the operation of your RMS Office.

## **Copyrights**

We and our affiliates claim copyright protection for certain proprietary materials (the “**Works**”), which include, but are not limited to, the Manual, advertisements, promotional materials, labels, posters, coupons, gift certificates, customer contracts, vehicle wraps, signs, World Wide Web and other internet sites, and office designs, plans and specifications. Neither we nor our affiliates have registered the copyrights for any of the Works but we are not required to do so. You can use the Works only for the purpose of developing and operating your RMS Office. You must notify us of any unauthorized use of the Works. You must also notify us of any challenge to the validity of, or the right to use, any of the Works. We have the right to control any administrative proceeding or litigation that involves the Works. This right includes the right to settle any of those disputes. We may, but are not required to, try to stop other people from using the Works.

## **The Manual and Confidential Information**

We will loan you one copy of, or electronic access to, the Manual, which contains information and knowledge that is unique, necessary and material to the System. The Manual contains detailed standards, specifications, instructions, requirements, methods and procedures for the management and operation of RMS Offices. The Manual also may relate to the selection, method, purchase, storage, packaging, and sale of all products and services offered at the RMS Offices; management and employee training; marketing, advertising and sales promotions; maintenance and repair of offices, equipment, vehicles, graphics, signs, interior and exterior decor items, fixtures and furnishings; employee dress attire and appearance standards; and accounting, bookkeeping, records retention and other business systems, procedures and operations. You must at all times operate your RMS Office in strict conformity with the Manual; maintain the Manual at your office; not reproduce the Manual or any part of it; and treat the Manual as confidential and proprietary, and; disclose the contents of the Manual only to your employees who have signed a confidentiality agreement and who have a demonstrated need to know the information contained in the Manual.

At our request, you must require your employees, landlord, contractors, and any other person to whom you wish to disclose any of our confidential information to agree in writing not to disclose that information to others or to use it for their own benefit. We must approve these agreements.

## **Data and Privacy**

We claim ownership of the data you obtain during the operation of your RMS Office. This includes all databases (whether in print or electronic form) including names, addresses, email addresses, phone numbers, birth dates, transaction data, demographic data, behavioral data, customer service history, correspondence and other data and all other data that you create and/or collect in connection with the System, or in connection with your operation of your RMS Office (including, but not limited to, transaction data). We reserve the right to use or transfer these records as we deem appropriate and to provide the information to our affiliates. Furthermore, we reserve the right to contact customers of your RMS Office, as well as your employees, suppliers and other service providers, for purposes of quality control, market research and for other business reasons as we deem appropriate. In connection with any use of data in your RMS Office, you agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information and our standards and policies pertaining to these privacy laws.

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

You must designate one of your owners as your Managing Owner who will be the person with whom we communicate and who will have the authority to bind you with respect to all financial, operational and legal matters related to your RMS Office and the Franchise Agreement. The Managing



Owner may also serve as your Multi-Unit Manager (as defined below). You must designate a replacement within 30 days after your Managing Owner leaves his or her position.

If you or your affiliates own or control more than one RMS Office and your Managing Owner devotes less than full time to supervising the operation of the businesses, you must designate and retain an individual to serve as your Multi-Unit Manager who will devote full time and best efforts to supervising the operation of your RMS Offices. You must obtain our approval before designating anyone to serve as a Multi-Unit Manager. You must designate a replacement within 30 days after your Multi-Unit Manager leaves his or her position.

Within 90 days after opening you RMS Office, you must hire and train an Office Manager who will supervise the day-to-day operation of your RMS Office.

We do not require the Multi-Unit Manager or Office Manager to have an equity ownership interest in your company.

Your Managing Owner, and Multi-Unit Manager, if applicable, must successfully complete the RMS Office training program. We will certify any supervisory employee of yours who successfully completes the training program to our satisfaction as a "Trainer." We will have the right to require that your Trainers, Office Manager and other managerial staff execute and deliver to us a Non-disclosure and Non-competition Agreement in substantially the form attached to the Franchise Agreement as Exhibit E.

If the franchisee is a corporation or limited liability company, each of the owners, and their spouses, if applicable, must personally guarantee all of the company's obligations under the Franchise Agreement by signing the Guarantee attached to the Franchise Agreement as Exhibit C. The Guarantee includes a commitment to be bound personally by the confidentiality and non-competition provisions of the Franchise Agreement.

#### **ITEM 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

Your RMS Office must offer for sale all required products and services that we designate. You may also offer for sale any optional items and services that we have approved for sale in an RMS Office. You may not offer or sell any products or services not listed without obtaining our prior written consent. You must sell products only in the weights, sizes, forms, and packages that we have approved. You must cease selling or offering for sale any products or services that we disapprove at any time. We may change the types of authorized products and services, and there are no limits on our right to make changes. You may only offer cleaning services to residential customers.

You must participate in promotional activities that we require generally for RMS Offices in the System. If we require that you conduct any promotional activities, you will bear your own costs of conducting these activities.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

The tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

<b>Provision</b>	<b>Section in Franchise Agreement (FA) or Development Agreement (DA)</b>	<b>Summary</b>
a. Length of the franchise term	FA: 2.2 DA: 7.1	FA: 10 years (or 180 days following the date that you sign the Franchise Agreement if you fail to develop and open your RMS Office).  DA: The term expires on the earlier of the date that you open the final RMS Office or the opening deadline for that business as set forth in the Development Schedule.
b. Renewal or extension of the term	FA: 18.1 DA: Not Applicable	FA: Provided we are still franchising and have not made a decision to withdraw from the geographic market of your RMS Office, and if you are in good standing, you can obtain two successor franchise agreements, each with a five-year term.
c. Requirements for you to renew or extend	FA: 18.2-18.4 DA: Not Applicable	FA: be in good standing; if applicable be in compliance with the Development Schedule under the Development Agreement; provide written notice of intent to renew; be in compliance with other agreements with us; demonstrate right to remain in possession of the Office Location; agree to renovate and modernize your RMS Office; meet our standards for new franchisees; sign successor franchise agreement, sign general release and pay successor franchise fee in the amount of \$3,500. The successor franchise agreement may contain terms that are materially different from your expiring Franchise Agreement, such as different fee requirements, but will not include an Initial Franchise Fee.
d. Termination by you	Not Applicable	You may not terminate either the Franchise Agreement or Development Agreement.
e. Termination by us without cause	Not Applicable	We may not terminate either the Franchise Agreement or the Development Agreement without cause.

<b>Provision</b>	<b>Section in Franchise Agreement (FA) or Development Agreement (DA)</b>	<b>Summary</b>
f. Termination by us with cause	FA: 19 DA: 7.2	We may terminate the Franchise Agreement and the Development Agreement only if you or your owners commit any one of several violations.
g. "Cause" defined - defaults which can be cured	FA: 19.3 and 19.4 DA: 7.3	FA: You have 10 days to cure non-payment of fees or non-submission of reports and 30 days to cure other defaults, except for those described in h. below.  DA: Under the Development Agreement, you have no right to cure defaults; upon your default, we may (1) temporarily suspend your rights to develop additional RMS Offices in any part of the Development Area; (2) reduce the size of the Development Area; or (3) extend the Development Schedule.
h. "Cause" defined – non-curable defaults	FA: 19.1 and 19.2 DA: 7.2	FA: Non-curable defaults: insolvency, bankruptcy; failure to complete training; failure to timely identify a site and open your RMS Office; abandonment; loss of possession of the Office Location; default on material indebtedness; commission of felony; threat to public safety; unapproved transfers; operating Competing Business (see q. below); disclosure of trade secrets; filing false reports; violation of the Patriot Act or Foreign Corrupt Practices Act; other governmental action against you, repeated defaults even if cured; default of any other agreements between you or your affiliates and us or our affiliates; and others.  DA: Failure to meet your development obligations or any other obligations, or termination of any Franchise Agreement between us and you (or your affiliates).
i. Your obligations on termination/ non-renewal	FA: 20 DA: Not Applicable	FA: Obligations include closing the RMS Office, returning keys to customers or turn over the keys and customer contracts to us to continue servicing the customer relationships; de-identifying the Office Location; paying amounts due and return of all of our materials (also see o. and r. below).
j. Assignment of contract by us	FA: 16.1 DA: 6.1	There are no restrictions on our right to assign.

Provision	Section in Franchise Agreement (FA) or Development Agreement (DA)	Summary
k. "Transfer" by you – definition	FA: 16.2 and 16.5 DA: 6.2 and 6.5	Restrictions apply to transfer of any direct or indirect interest in the Agreement, in you (if you are a corporation or other entity), or in substantially all of the assets of your RMS Office.
l. Our approval of transfer by you	FA: 16.2 DA: 6.2	We have the right to approve all transfers.
m. Conditions for our approval of transfer	FA: 16.4 DA: 6.4	Pay transfer fee with Transfer Notice, transferee qualified; accrued fees paid; no default exists; sales price reasonable; transferee signs new franchise agreement; transferee agrees to upgrade and remodel the Office Location; and you sign release (FA: \$3,500; DA: \$3,500 for each RMS Office option being transferred)
n. Our right of first refusal to acquire your business	FA: 16.3 DA: Not Applicable	We have the right to match any offer.
o. Our option to purchase your business	FA: 20.2 DA: Not Applicable	Upon expiration or termination of the Franchise Agreement, we can take assignment of your lease and purchase your business assets.
p. Your death or disability	FA: 16.6 DA: 6.6	FA & DA: Executor or personal representative must assign your interest to approved party within three months.  FA: If the deceased or incapacitated person is the Managing Owner, we have the right to manage operation of the RMS Office until the transfer is completed. If we exercise this right, we can charge a reasonable management fee for our services.
q. Non-competition covenants during the term of the franchise	FA: 15.2 DA: 5.2	No diverting customers to or involvement in " <b>Competing Business</b> ", which is defined as any business that offers residential or commercial cleaning services or maid services.

<b>Provision</b>	<b>Section in Franchise Agreement (FA) or Development Agreement (DA)</b>	<b>Summary</b>
r. Non-competition covenants after the franchise is terminated or expires	FA: 15.2 DA: 5.2	FA: No involvement with Competing Business for two years (1) within your Territory plus the area formed by extending the boundary of your Territory by ten miles in any direction; or (2) within the territory assigned to any then-existing RMS Office, plus the area formed by extending the boundaries of that territory ten miles in all directions.  DA: No involvement with Competing Business for two years within ten miles of the border of the Development Area, or within the territory assigned to any then-existing RMS Office, plus the area formed by extending the boundaries of that territory by ten miles in all directions.
s. Modification of the agreement	FA: 25 DA: 8	No modification generally without signed agreement, but we may modify the System and the Manual.
t. Integration/merger clause	FA: 25 DA: 9	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	FA: 26.1 DA: 8	Either party may submit a claim arising out of the Agreement to non-binding mediation; however, the parties will not be required to pursue mediation of any claim as a prerequisite to commencing legal proceedings.
v. Choice of forum	FA: 26.3 DA: 8	Subject to state law, all claims must be filed in the jurisdiction where we have our principal place of business, which is currently Sterling, Virginia.
w. Choice of law	FA: 26.2 DA: 8	Subject to state law, Virginia law applies.

## ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchises.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing RMS Office, however, we may provide you with the actual records of that RMS Office. 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 Michael Ma, President of The Royal Maid Enterprises, Inc., 58 N Charles Richard Beall Blvd., Suite F, Debary, FL 32713, 407-865-6243, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

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

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2022	2	2	0
	2023	2	2	0
	2024	2	3	+1
Affiliate-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	0	-1
Total Outlets	2022	3	3	0
	2023	3	3	0
	2024	3	3	0

\* As of December 31 of each year.

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

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

\* As of December 31 of each year. States not listed had no activity to report.

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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
GA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
VA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Total	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3

\* As of December 31 of each year. States not listed had no activity to report.

**Table No. 4**  
**Status of Affiliate-Owned Outlets**  
**For Years 2022 to 2024\***

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
VA	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0

\* As of December 31 of each year. States not listed had no activity to report. The affiliate-owned RMS Office is operated by our affiliate, Canama.

**Table No. 5**  
**Projected Openings as of December 31, 2024**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Affiliate-Owned Outlets in the next Fiscal Year
Total	0	0	0

As of December 31, 2024, we did not have any multi-unit developers. Attached as Exhibit E is a list of the address and telephone number of each franchised location and the name of the applicable franchisee as of December 31, 2024. Exhibit E also lists the franchisee(s) that had their franchise agreements canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our fiscal year that ended on December 31, 2024 or failed to communicate with us within ten weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from speaking openly about their experience with Regal Maid Service.

We do not have a franchise advisory council at this time and no independent franchisee organization has asked to be included in this disclosure document.

## **ITEM 21 FINANCIAL STATEMENTS**

Exhibit E contains our audited financial statements for the periods ending December 31, 2022, December 31, 2023, and December 31, 2024, and unaudited financial statements as of June 30, 2025. Our fiscal year ends on December 31 of each year.

## **ITEM 22 CONTRACTS**

Attached as Exhibits to this disclosure document are the following contracts:

Exhibit B	Franchise Agreement
Exhibit C	Multi-Unit Development Agreement
Exhibit H	State Agreement Addenda

You must sign our Franchisee Disclosure Questionnaire before signing your Franchise Agreement (Exhibit J).

## **ITEM 23 RECEIPTS**

Two copies of a receipt form appear at the end of this disclosure document. Please fill out and sign both receipts, return one copy to us and keep the other for your records.



**EXHIBIT A**

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

## LIST OF STATE ADMINISTRATORS

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

<b>CALIFORNIA</b> Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: <a href="http://www.dfpi.ca.gov">http://www.dfpi.ca.gov</a>	<b>NEW YORK</b> NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222
<b>HAWAII</b> Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<b>NORTH DAKOTA</b> North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
<b>ILLINOIS</b> Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<b>RHODE ISLAND</b> Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
<b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<b>SOUTH DAKOTA</b> Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 <sup>nd</sup> Floor Pierre, South Dakota 57501 (605) 773-3563
<b>MARYLAND</b> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	<b>VIRGINIA</b> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
<b>MICHIGAN</b> Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, Michigan 48913 (517) 335-7567	<b>WASHINGTON</b> Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760
<b>MINNESOTA</b> Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	<b>WISCONSIN</b> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

## **AGENTS FOR SERVICE OF PROCESS**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

<b>CALIFORNIA</b> Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: <a href="mailto:ASK.DFPI@dfpi.ca.gov">ASK.DFPI@dfpi.ca.gov</a> Website: <a href="http://www.dfpi.ca.gov">http://www.dfpi.ca.gov</a>	<b>NEW YORK</b> New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492
<b>HAWAII</b> Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<b>NORTH DAKOTA</b> North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
<b>ILLINOIS</b> Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<b>RHODE ISLAND</b> Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
<b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<b>SOUTH DAKOTA</b> Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2 <sup>nd</sup> Floor Pierre, South Dakota 57501 (605) 773-3563
<b>MARYLAND</b> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	<b>VIRGINIA</b> Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, Virginia 23219 (804) 371-9733
<b>MICHIGAN</b> Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, Michigan 48913 (517) 335-7567	<b>WASHINGTON</b> Director of Department of Financial Institutions Securities Division – 3 <sup>rd</sup> Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760

<b>MINNESOTA</b> Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	<b>WISCONSIN</b> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139
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**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**REGAL MAID SERVICE  
FRANCHISE AGREEMENT**

Franchise Agreement Number:

Franchisee:

Territory:

Effective Date:

Expiration Date:

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### Exhibits

- A - FRANCHISE INFORMATION
- B - OWNERSHIP INFORMATION
- C - GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS
- D - FORM OF LEASE ADDENDUM
- E - FORM OF NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
- F - ACH AUTHORIZATION FORM

## REGAL MAID SERVICE FRANCHISE AGREEMENT

**THIS AGREEMENT** is entered into by and between **THE ROYAL MAID ENTERPRISES, INC.**, a Florida corporation (“**we**”, “**us**” “**RMS**” or “**Franchisor**”) and the person(s) or entity identified on Exhibit A to this Agreement (“**you**” or “**Franchisee**”) as of the Effective Date (as defined in Section 1 and as indicated on the signature page of this Agreement).

### BACKGROUND

A. We and our affiliates have developed a system relating to the establishment and operation of businesses that offer consumers high quality and reliable residential cleaning services in a professional manner (the “**System**”).

B. The distinguishing characteristics of the System include our trade secrets and other intellectual property, brand standards, cleaning methods, policies and procedures for the selection of cleaning supplies and equipment, pricing guidelines, training programs and materials, service quality and customer satisfaction standards and programs, community involvement activities, technology systems and assistance with advertising, promotion, public relations, and social media programs; our operations manual and system standards, and marketing, advertising, publicity, public relations and other promotional materials and programs; all of which we may change, improve, and further develop from time to time.

C. We and our affiliates identify the System and the businesses operating under it (“**RMS Offices**”) by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the mark, “Regal Maid Service” and such other trade names, service marks, and trademarks as we may designate in the future for use in connection with the System (the “**Marks**”).

D. You wish to obtain the right to establish and operate a franchised RMS Office at the Office Location (as defined in Section 1 below).

In recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and they agree as follows:

### 1 DEFINITIONS

The terms defined in the “Background” section and this Section 1 have the meanings set forth in those Sections. Other capitalized terms used in this Agreement are defined where they appear within the text of the Agreement.

1.1 “**Brand Fund**” means the common pool of funds for the enhancement, advancement and protection of the System, advertising and promotion to which RMS Offices contribute and which we administer as provided in Section 10.

1.2 “**Designated Supplier**” means a manufacturer, wholesaler, distributor, dealer, retailer, or other vendor or source that we designate as the source for particular products or services.

1.3 “**Effective Date**” means the date entered in the space so designated on the signature page of this Agreement, which is the date that we counter-sign this Agreement.

1.4 “**RMS Office**” means a business offering residential cleaning services operated by us, our affiliate or an authorized franchisee using the System and the Marks.



1.5 **“Force Majeure”** means any natural disaster, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby.

1.6 **“Franchisee Affiliate”** means any business entity that controls, is controlled by, or is under common control with Franchisee.

1.7 **“Franchised Business”** means the franchised RMS Office that you operate at the Office Location.

1.8 **“Gross Sales”** means the aggregate amount of all revenues generated from the sale of all services, products, merchandise and all other income of every kind related to the Franchised Business (including the proceeds from business interruption insurance), whether for cash or credit (and regardless of collection in the case of credit). You may not reduce Gross Sales by the amount of any discounts provided to employees, family members and other businesses that you control. The following are not included in Gross Sales: (1) the amount of any credits, allowances and adjustments; (2) the amount of any sales taxes or other taxes that you collect from customers and pay directly to the appropriate taxing authority; and (3) proceeds from insurance with respect to property damage or liability. We reserve the right to modify our policies consistent with residential cleaning industry practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change.

1.9 **“Office”** means the facility from which you will operate the Franchised Business.

1.10 **“Office Location”** means the site on which the Office is located, as specified in Exhibit A.

1.11 **“Office Manager”** means the individual whose role is defined in Section 8.18.

1.12 **“Managing Owner”** means the individual whose role is defined in Section 14.5 and who is identified in Exhibit B.

1.13 **“Manual”** means our confidential operations manual. The term “Manual” also includes all written correspondence, other publications, materials, drawings, memoranda, videos, DVDs, CDs, and electronic media regarding the System that we from time to time may provide to you.

1.14 **“Qualified Household”** means a household with an annual household income of at least \$75,000 according to the most recent US Census or other similar data source that we select.

1.15 **“Territory”** means the geographic area described in Exhibit A within which you may offer residential cleaning services to customers of the Franchised Business.

1.16 **“Works”** includes our copyrights and copyrighted materials.

## 2 GRANT AND INITIAL TERM

2.1 **Grant.** Subject to the terms and conditions of this Agreement, we grant to you the non-exclusive right, and you undertake the obligation, to continuously operate the Franchised Business from the Office Location and a license to use the Marks and the System solely in connection with the Franchised Business in compliance with the operating standards (**“System Standards”**) set forth in the Manual (the **“Franchise”**). If, at the time of execution of this Agreement, you have not secured the Office Location for the Franchised Business that we have accepted, you must select a site for the Franchised Business in accordance with Section 3.2 of this Agreement. You have no right under this Agreement to use, and you will not use, the System, Marks, or Office Location in connection with any other business, activity, or unapproved items or services.

2.2 Initial Term. Unless terminated sooner as provided in this Agreement, the initial term of this Agreement (the “**Initial Term**”) expires ten (10) years following the Effective Date; however if you do not open the Franchised Business and start providing residential cleaning services to customers located within the Territory on or before the Opening Deadline (as defined in Section 3.1), the Initial Term shall expire one hundred and eighty (180) days following the Effective Date. Your rights to seek a successor franchise agreement for an additional term are set forth in Section 18.

### 2.3 Territory and Limited Exclusivity

2.3.1 Except as reserved in Section 2.3.2 below, provided you are not in material uncured default of this Agreement, during the term of this Agreement, we and our affiliates will not operate, or license others to operate, another RMS Office that provides residential cleaning services to customers located within your Territory.

2.3.2 Notwithstanding the grant of the Territory in Section 2.3.1, we reserve the rights to: (1) distribute products and supplies identified by the Marks in the Territory through any method or channel of distribution other than through the operation of a residential cleaning business; (2) distribute products and supplies identified by the Marks through other channels of distribution, including the internet, wholesale, mail order and catalog; (3) operate, and license others to operate, during the term of this Agreement, cleaning businesses identified in whole or in part by the Marks at any location outside of the Territory; (4) operate, and license others to operate, after this Agreement terminates or expires, cleaning businesses identified in whole or in part by the Marks at any location, including locations inside the Territory; (5) operate, and license others to operate, at any location, including locations inside the Territory, during or after the term of this Agreement, any type of cleaning business identified in whole or in part by the Marks other than a residential cleaning business including, but not limited to, commercial cleaning businesses and businesses that clean products such as carpets, tile, decks, furniture, and vehicles; (6) develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and (7) purchase, be purchased by, merge or combine with, businesses that directly compete with RMS Offices.

2.3.3 You have the exclusive right to advertise and market the services of the Franchised Business and directly solicit customers only inside the Territory. You may not advertise the Franchised Business or directly solicit customers outside of the Territory, unless you obtain our prior written permission. “Direct solicitation” includes, but is not limited to, solicitation in person, by telephone, by mail, by email, and by distribution of brochures, business cards or other materials. If any of your advertising within the Territory is in media that will or may reach a significant number of persons outside of the Territory, you must notify us in advance and obtain our prior written consent. We may establish rules and policies from time to time regarding such advertising. If you advertise in a medium whose distribution covers other RMS Office territories, you must include the contact information for all RMS Offices in the medium’s distribution area in the advertising materials. We may, in our sole discretion, grant permission to you to market to and directly solicit customers in an open adjacent territory not assigned to a RMS Office, provided that should we later assign that territory to a RMS Office, you agree to stop marketing in that territory, transfer that customer to the new RMS Office, and provide us with all customer information that you acquire relating to that territory. You will not have any rights of first refusal to the open territory.

2.4 Advertising and Promotional Materials. You acknowledge that advertising and promotional materials created, placed, and/or distributed by us, other franchisees operating under the System, or other entities authorized by us, may appear in media distributed in, or may be directed to prospective customers located within, the Territory, including on our System website or any related online site.

2.5 No Subfranchising Rights. You do not have any right to grant, and you agree that you will not grant, any sub-franchise or sub-license to all or part of the System or the Marks.

2.6 Forms of Agreement. You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and our affiliates and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

2.7 Best Efforts. You agree that you will at all times faithfully, honestly and diligently perform your obligations under this Agreement, that you will continuously exert your best efforts to promote and enhance the Franchised Business, and that you will not engage in any other business or activity that may conflict with your obligations under this Agreement, except the operation of other RMS Offices authorized by us.

### 3 SITE SELECTION AND BUILD OUT OF THE OFFICE

3.1 Your Responsibility. You assume all cost, liability, expense, and responsibility for building out the Office and operating the Franchised Business in accordance with our standards from the Office Location. You must obtain our acceptance of a site for the Office, acquire a possessory or leasehold interest in the site within ninety (90) days after the Effective Date ("**Site Acquisition Deadline**") and you must build out the Office and open the Franchised Business by providing residential cleaning services to customers located within your Territory within one hundred and eighty (180) days after the Effective Date ("**Opening Deadline**"). Any failure by you to meet the Site Acquisition Deadline or the Opening Deadline shall be a default of this Agreement for which we can terminate this Agreement without providing you an opportunity to cure the default. **TIME IS OF THE ESSENCE.**

#### 3.2 Site Selection

3.2.1 We will provide you with general site selection criteria for your Office and, as you may request, a reasonable amount of consultation with respect to the site selection process. You will be solely responsible for locating and obtaining a suitable site for your Office, which we have the right to accept. Before entering into a lease agreement or other binding agreement to acquire the proposed site, you must: submit to us information regarding the proposed site according to the System Standards or as we reasonably request; and verify to us in writing that the proposed site meets our site selection criteria. We will then accept or reject the proposed site within fifteen (15) days. If we reject the proposed site, you must select an alternate site and repeat the site selection process until we have approved a proposed site for your Office. You acknowledge and agree that our acceptance of a site does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for an Office or for any other purpose. Our approval of the site indicates only that we believe that a site falls within our acceptable site selection criteria as of that time. If you and we are not able to reach agreement on an Office Location by the Site Acquisition Deadline, we have the option to terminate this Agreement.

3.2.2 You agree that your decision to build out the Office at the Office Location is based solely on your own independent investigation of the suitability of that site for your Office. We assume no liability or responsibility for: (1) evaluation of the soil of the site for hazardous substances; (2) inspection of any structure at the site for asbestos or other toxic or hazardous materials; (3) compliance with the Americans with Disabilities Act; or (4) compliance with any other applicable law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that the site and any structures on the site is free from environmental contamination and in compliance with the requirements of the Americans with Disabilities Act.

3.3 Site Acquisition Period. If you propose to purchase the site for the Office, you must provide us with a copy of the deed or other evidence of ownership within before the Site Acquisition Deadline. If you propose to lease or sublease the site, you must provide us with a copy of the fully-executed lease or sublease for the site ("**Lease**") before the Site Acquisition Deadline. After you secure an ownership or leasehold interest in the site, we will insert its address into Exhibit A, and it will be the Office Location. You hereby authorize us to deliver to you replacements for Exhibit A identifying the

Office Location, and upon our delivery to you of a revised Exhibit A, that Exhibit A shall be binding upon us and you as if we and you had signed that Exhibit A as of the Effective Date.

3.4 Lease Provisions. We have the right to review the terms of the Lease for the Office Location before you sign the Lease. The Lease must: (1) in form and substance, be satisfactory to us; (2) include all of the provisions set forth in the form of Lease Addendum attached to this Agreement as Exhibit D; (3) contain terms and conditions and payments that are commercially reasonable in our opinion; and (4) include any other provisions as we may require from time to time. The Lease shall not contain any covenants or other obligations that would prevent you from performing your obligations under this Agreement. You acknowledge that our review of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a RMS Office operated at the Office Location. Our review will indicate only whether we believe that the terms of the Lease meet our then-acceptable criteria.

3.5 Office Buildout. We will provide you with our standard RMS Office layout plans and specifications. You assume all cost, liability and expense for completing the build out of the Office in accordance with our plans and specifications. You must obtain all required construction and occupancy licenses, permits and approvals for the Office. We will provide specifications for equipment, vehicles, fixtures, furniture, décor items, lighting, utilities and hookups, layout, interior and exterior signage, security, a safe and a safe room for customer keys, and timing for events. You must purchase or lease approved brands, types or models of these items only from suppliers designated or approved by us, which may include us or our affiliates. You will not make any material alteration to these items without our prior express written approval. You agree to identify your vehicles and the Office Location with only the signs, logos and display materials that we have approved. You will have the option to pay us an office setup service fee of Five Thousand Dollars (\$5,000) ("**Office Setup Service Fee**") and we will equip and set up your Office.

3.6 Vehicles. Prior to opening the Franchised Business, you must purchase or lease two (2) white vehicles and have them branded with the Marks in accordance with the specifications set forth in the Manual. With the addition of each cleaning crew, you must purchase or lease an additional white vehicle and have it branded with the Marks in accordance with the specifications set forth in the Manual.

3.7 Opening the Franchised Business. You must complete the Office buildout and open the Franchised Business by providing residential cleaning services to customers located within your Territory no later than the Opening Deadline, unless we agree otherwise. **Time is of the essence in the buildout of the Office and the opening of the Franchised Business, and failure to comply with all deadlines relating thereto constitutes a material breach and default of this Agreement.** You shall not open the Franchised Business for business without our express written authorization, which will not be granted unless you have satisfied the following conditions:

3.7.1 You have paid the Initial Franchise Fee (as defined in Section 4.1) and any other amounts then due to us;

3.7.2 You have signed this Agreement and all other agreements as required by us including, but not limited to, the electronic funds transfer documents described in Section 4.7;

3.7.3 You must not be in material default under this Agreement or any other agreements with us; you must not be in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Business and/or the Office; you must not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Business; and for the previous six (6) months, you must not have not been in material default beyond the applicable cure period under any agreement with us;

3.7.4 You have obtained, provided copies to us, and maintain all required building, utility, sign, business and other permits and licenses applicable to the Franchised Business and the Office;

3.7.5 You have purchased or leased and installed all specified and required fixtures, equipment, furnishings, vehicles, and interior and exterior signs for the Franchised Business and the Office;

3.7.6 You have purchased all required technology systems and they are operational;

3.7.7 You have purchased and stocked in the Office Location an opening inventory of supplies, in an adequate mix and quantity of each item, for the Franchised Business of only authorized and approved products and other materials and supplies;

3.7.8 Your Managing Owner has completed our training program and you have hired and trained a staff in accordance with the requirements of Section 6;

3.7.9 You have obtained a certificate of occupancy and any other required health, safety or fire department certificates; and

3.7.10 You have obtained and provided to us copies of certificates for all insurance policies required by Section 11 or such other evidence of insurance coverage and payment of premiums as we reasonably may request.

3.8 Relocation. Once the Office Location is secured, you may not relocate the Office without our prior written consent, which may be withheld by us in our reasonable business discretion. If we approve a relocation of the Office, you must pay a relocation fee in the amount of Five Hundred Dollars (\$500) or such greater amount as is necessary to reimburse us for all reasonable expenses actually incurred by us in connection with the relocation. You must comply with all of the requirements of this Section 3 with regard to any relocation.

## 4 FEES

4.1 Initial Franchise Fee. When you sign this Agreement, you will pay us the nonrefundable initial franchise fee in the amount specified on Exhibit A. This initial franchise fee is in consideration of the Franchise granted to you under this Agreement, administrative and other expenses we incurred in entering into this Agreement, and for our lost or deferred opportunity to enter into a similar arrangement with others.

4.2 Royalty Fee. No later than fifteen (15) days prior to the one (1) year anniversary of the date that you open the Franchised Business by providing residential cleaning services to customers located within your Territory, you must pay us a first year introductory royalty fee in the amount of Three Thousand Dollars (\$3,000). Commencing with the second (2nd) year of operation, you must pay us on the fifth day of each month thereafter (or such other date as we may designate) a monthly non-refundable royalty fee for the continued use of the Franchise rights in an amount equal to the greater of Five Hundred Dollars (\$500) or four percent (4%) of the Gross Sales of the Franchised Business for the preceding month (the "**Royalty Fee**").

4.3 Brand Fund Contribution. No later than fifteen (15) days prior to the one (1) year anniversary of the date that you open the Franchised Business by providing residential cleaning services to customers located within your Territory, you must make a first year introductory Brand Fund contribution in the amount of One Thousand Dollars (\$1,000). Commencing with the second (2nd) year of operation, you must contribute the greater of Five Hundred Dollars (\$500) or one percent (1%) of the Gross Sales of the Franchised Business to the Brand Fund at the same time and in the same manner as you pay the Royalty Fees. We have the right to alter the amount of the Brand Fund contribution as described in Section 10.3.

4.4 Webpage Setup Fee. When you sign this Agreement, you must pay One Thousand Five Hundred Dollars (\$1,500) to us as a Webpage Setup Fee to cover our expenses in having our vendor customize a webpage for your Franchised Business as described in Section 10.9.

4.5 Other Funds Due. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any monies that we have paid, or that we have become obligated to pay, on your behalf, by consent or otherwise under this Agreement.

4.6 Taxes Imposed on Us. If any taxes, fees or assessments (other than income taxes) are imposed on us by reason of our acting as franchisor or licensing the Marks under this Agreement, you must reimburse us for the amount of those taxes, fees or assessments within thirty (30) days after receipt of an invoice from us.

4.7 Payment Method. You must designate an account at a commercial bank of your choice (the “**Account**”) for the payment of amounts due to us and/or our affiliates, including but not limited to Royalty Fees and Brand Fund contributions. You must furnish us and the bank with authorizations as necessary to permit us to make withdrawals from the Account by electronic funds transfer (including the ACH Authorization Form attached as Exhibit F). We will transfer the first year royalty fee and brand fund contribution within fifteen (15) days prior to the first (1<sup>st</sup>) year anniversary of the date that you commenced operating the Franchised Business. Commencing with the second (2<sup>nd</sup>) year of operation, on the fifth day of each month, we will transfer from the Account an amount equal to the Royalty Fees and Brand Fund contributions due from you based on the Gross Sales of the Franchised Business for the preceding month, as well as any other fees due to us and/or our affiliates. You agree to maintain sufficient funds in the Account at all times to cover all Royalty Fees, Brand Fund contributions and other fees payable to us or our affiliates. If funds in the Account are insufficient to cover the amounts payable at the time we make our weekly electronic funds transfer, the amount of the shortfall will be deemed overdue. You must notify us at least ninety (90) days before closing or changing the Account against which such debits are to be made. If such Account is closed or ceases to be used, you will immediately provide all documents and information necessary to permit us to debit the amounts due from an alternative account. We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic, electronic debit (e.g., by check) whenever we deem appropriate, and you must comply with our payment instructions. If we supply products to you, we may require pre-payment or COD depending on our then-current policies and your payment record with us.

4.8 Interest and Insufficient Funds Charges. If any payment is overdue, you must pay us, in addition to the overdue amount, a late payment fee in the amount of One Hundred Dollars (\$100) plus interest on the overdue amount from the date it was due until paid at the rate of one and a half percent (1.5%) per month or the maximum rate permitted by applicable law, whichever is less. The late payment fee and interest charges are in addition to any other remedies we may have. In addition to these charges, you must reimburse us for any bank fees incurred by us and pay us Twenty-Five Dollars (\$25) each time you deliver a check to us which does not clear your bank account, or where we are not able to complete an electronic funds transfer due to insufficient funds in your Account.

4.9 Application of Payments. We have the right to apply payments from you in any way we choose, to any amounts you owe us.

4.10 No Offset. You shall not withhold or off-set any portion of any payment due to our alleged non-performance under this Agreement or any other agreement by and between you and us or our respective affiliates.

4.11 Partial Payments. No payment by you or acceptance by us of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Your payment of a lesser amount than due with an endorsement, statement or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect, and we may accept the partial payment without prejudice to any rights or remedies we may have against you. Acceptance of payments by us other than as set forth in this Agreement shall not constitute a waiver of

our right to demand payment in accordance with the requirements of this Agreement or a waiver by us of any other remedies or rights available to us pursuant to this Agreement or under applicable law. Notwithstanding any designation by you, we shall have sole discretion to apply any payments by you to any of your past due indebtedness for Royalty Fees, Brand Fund contributions and fees, purchases from us or our affiliates, interest or any other indebtedness. We have the right to accept payment from any other entity as payment by you. Acceptance of that payment by us will not result in that other entity being substituted for you.

4.12 Collection Costs and Expenses. You must pay to us on demand any and all collection costs and expenses (including, without limitation, costs and commissions due a collection agency, costs incurred in creating or replicating reports demonstrating Gross Sales of the Franchised Business, reasonable attorneys' fees, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing) incurred by us in enforcing the terms of this Agreement, including, without limitation, in collecting any monies owed by you to us.

## **5 DUTIES OF FRANCHISOR**

5.1 Plans and Specifications. We will furnish you with our representative plans and specifications for the interior layout and build out of a RMS Office.

5.2 Site Selection. We will provide reasonable consultation to you regarding site selection and/or the layout of the Office at the Office Location.

5.3 Lease Review. We will review the proposed Lease for the Office site after you submit the proposed Lease to us. If the proposed Lease complies with the requirements in Section 3.4 of this Agreement and is otherwise acceptable to us, we will approve it. We will promptly advise you of our decision regarding the proposed Lease. The final decision whether to acquire a particular approved site or whether to sign a particular approved Lease rests solely with you

5.4 Manual. We will loan the Manual to you for the Initial Term of this Agreement.

5.5 Training. We will provide a RMS training program for the persons that we require or permit to attend training under Section 6 of this Agreement.

5.6 Supervision. We will provide pre-opening and opening supervision and assistance as we deem advisable.

5.7 Suppliers. We will name approved suppliers and Designated Suppliers as we deem appropriate and review suppliers that you nominate, subject to the limitations in Section 8.4.

5.8 Marketing Materials. In addition to the advertising and promotional materials produced and placed by the Brand Fund of behalf of the System, we will make available to you for purchase certain advertising and promotional materials that you can adapt for the Franchised Business.

5.9 Operational Advice. We will provide to you from time to time, as we deem appropriate, advice and written materials concerning techniques of managing and operating a RMS Office.

## **6 TRAINING**

### **6.1 Pre-Opening Training**

6.1.1 If the Franchised Business is the first RMS Office developed by you and/or your Franchisee Affiliates, at least thirty (30) days before opening the Franchised Business, your Managing Owner must attend and successfully complete the RMS training program to our satisfaction. You may

bring additional staff members to the training program at no charge. The training program may consist of web-based pre-training modules (which may include training and certification programs administered by third party organizations that we designate) and five (5) days of classroom and on-the-job training at your Office Location and/or another training site that we designate. We will not send trainers to your Office Location to provide training unless and until you confirm that your RMS Office is fully and properly equipped. We may increase or reduce the required training based on our assessment of an individual's prior experience.

6.1.2 After completing the pre-training modules, your personnel may attend the next regularly scheduled training program without incurring any tuition fee. Your personnel must present evidence of attendance and successful completion of the pre-training modules prior to attending the training program. We may terminate this Agreement if your Managing Owner fails to attend or successfully complete the training program to our satisfaction.

6.1.3 We will certify any supervisory employee of yours who successfully completes the training program to our satisfaction as a **"Trainer."** We will authorize the Franchised Business to open only after your Managing Owner has been certified as a Trainer after successfully completing the training program to our satisfaction. We will have the right to require that your Trainers and managerial staff execute and deliver to us a Non-disclosure and Non-competition Agreement in substantially the form attached to this Agreement as Exhibit E.

## 6.2 Train the Trainer Program

6.2.1 Prior to opening the Franchised Business and offering cleaning services to the public, your Trainers must train your Franchised Business managers and staff. We will not authorize you to open the Franchised Business and provide cleaning services to the public until you have hired and trained at least one (1) cleaning crew comprised of two (2) people. Within ninety (90) days after opening the Franchised Business, you must hire and train an Office Manager.

6.2.2 Periodically, you must conduct such training programs for your employees as we may require, including those training programs required for your employees to become certified for the position(s) for which each employee was hired. Your Trainers are responsible for fully training your employees within thirty (30) days of being hired. Your Trainers also will offer the RMS training program to your replacement Managing Owner, Office Manager and additional managerial staff before they assume a managerial role at the Franchised Business. We will evaluate all managers trained by you and determine whether to certify them as Trainers. You will be responsible for all costs that you incur in training your employees. If you need to send your replacement Managing Owner, Office Manager, or managerial staff to our training program, you must pay a training fee in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each person attending the training program.

6.2.3 We may periodically visit your Office to ensure that your Trainers and staff continue to meet our standards. We have the right to de-certify any of your personnel (including your Office Manager and managers) who consistently fail to maintain our System standards as set forth in the Manual. Any such employees may not return to their positions until they have been successfully retrained. If we determine, in our sole discretion, that your Trainers are no longer qualified to train your employees (or if you do not have any Trainers on staff), then you, at our election, must either have the Trainers attend and successfully complete the RMS training program and be re-certified as Trainers or designate replacement personnel to complete the training program to be certified as your Trainers. If we elect to send our representative to the Franchised Business to provide training for your staff, you must pay a training fee in the amount of Five Hundred Dollars (\$500) per representative, per day, and all travel, living and other expenses incurred by our representative.

6.2.4 If you already operate a RMS Office, before opening the Franchised Business developed under this Agreement and your Managing Owner has already been certified as a Trainer, your Managing Owner must attend and complete the RMS training program that you conduct at one of your RMS Offices, unless the individuals previously completed the training program to our satisfaction. The



content and administration of your training program must be at least equal to those of our training program and must be approved in advance by us. We will provide you with materials and, to the extent we deem it necessary or appropriate, assistance in designing and developing your training program. We have the right to review your training program periodically to ensure its quality and to verify that your managers are being trained in a timely and satisfactory manner. We will notify you of any deficiencies in the training program. You must promptly cure the deficiencies. If you fail to cure the deficiencies within a reasonable time, we may require your Office Manager to attend our training program at your expense (including payment of the Two Thousand Five Hundred Dollar (\$2,500) per person training fees), until such time as the deficiencies in your program have been corrected to our satisfaction.

**6.3     Additional Training.** After the Franchised Business opens for business:

6.3.1     Your employees that we reasonably designate must attend and complete, to our satisfaction, any additional training programs that we reasonably require from time to time. These additional training programs may include classroom training, web-based training and programs offered by third parties. We may require you to pay reasonable training fees for these programs (plus travel, meals and lodging expenses for our representatives, if we conduct the training at your Office).

6.3.2     Your Managing Owner must attend our Annual Convention, regional meetings and conferences. You are responsible for the registration fee for these meetings (which will not exceed One Thousand Five Hundred Dollars (\$1,500) per attendee) and the costs of travel and accommodations.

6.3.3     We periodically, as we deem appropriate, will advise and consult with you in connection with the operation of the Franchised Business. We may provide these services through visits by our representatives to your Office, the distribution of printed, filmed or electronic information, meetings or seminars, telephone communications, e-mail communications or other communications. We will periodically inspect the Franchised Business and its operations to assist your operations and ensure compliance with the System. At your request, we may provide special assistance and/or remedial training at your Office, our headquarters, or another RMS Office for which you will be required to pay our per diem training fees and charges that we may establish from time to time.

6.4     Delegation. We have the right to delegate the performance of any portion or all of our obligations and duties under this Agreement to our designees, whether affiliates or agents of ours or independent contractors with whom we have contracted to provide this service.

6.5     Control by Us. Notwithstanding anything to the contrary in this Section 6, you and we recognize and agree that we do not exercise any day-to-day control of the Franchised Business, including the security at the Franchised Business and the hiring and firing of employees.

6.6     Training Methods; Expenses. Except for the classroom and on-the-job training portions of the RMS training program, we have the right to provide training programs in person, by video, via the internet, or by other means, as we determine. All training that we conduct in person will be held at a location that we designate. You are responsible for all expenses of your trainees, including but not limited to the costs of transportation, lodging, meals, and wages. You may also be required to purchase training materials and uniforms.

## **7           MANUAL**

7.1     Access to the Manual. We will loan to you during the term of this Agreement one copy of, or electronic access to, the Manual, which contains information and knowledge that is unique, necessary and material to the System. The Manual contains detailed standards, specifications, instructions, requirements, methods and procedures for the management and operation of the Franchised Business. The Manual also may relate to the selection, method, purchase, storage, packaging, and sale of all products and services offered at the Franchised Business; management and employee training; marketing, advertising and sales promotions; maintenance and repair of the Office Location, equipment,

vehicles, graphics, signs, interior and exterior decor items, fixtures and furnishings; employee dress attire and appearance standards; and accounting, bookkeeping, records retention and other business systems, procedures and operations. You agree at all times to operate the Franchised Business in strict conformity with the Manual; to maintain the Manual at the Office Location; to not reproduce the Manual or any part of it; and to treat the Manual as confidential and proprietary, and; to disclose the contents of the Manual only to your employees who have signed a confidentiality agreement and who have a demonstrated need to know the information contained in the Manual. If your copy of the Manual loaned to you is lost, stolen or destroyed before you return it to us, you must pay us a replacement fee of Two Thousand Five Hundred Dollars (\$2,500).

**7.2 Modifications to the Manual.** We may supplement or amend the Manual from time to time by letter, electronic mail, bulletin, videos, CDs, DVDs, software or other communications concerning the System to reflect changes in the image, specifications and standards relating to developing, equipping, furnishing and operating a RMS Office. We reserve the right to furnish all or part of the Manual to you in electronic form or online (including by intranet or extranet) and to establish terms of use for electronic access to the Manual. You agree to keep your copy of the Manual current and up-to-date with all additions and deletions provided by or on behalf of us and you agree to purchase whatever equipment and related services (including, without limitation, a video player, DVD player, computer system, internet service, dedicated phone line, facsimile machine, etc.) as may be necessary to receive these communications. If a dispute relating to the contents of the Manual develops, the master copy maintained by us at our principal offices shall control.

**7.3 Electronic Access.** At our option, we may post some or all of the Manual on a restricted website to which you will have access. If we do so, you agree to monitor and access the website for any updates to the Manual. Prior to accessing our restricted website you and any of your employees must agree to abide by our terms of use, which we may revise from time to time. Any passwords or other digital identifications necessary to access the Manual constitute confidential information owned by us.

## **8 OPERATION OF THE FRANCHISED BUSINESS**

**8.1 Compliance with System Standards.** You acknowledge and agree that every detail of the System is important to us and our franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for the items and services offered by RMC Offices, and to protect our reputation and goodwill. Therefore, you agree to operate the Franchised Business in strict conformance with the System Standards including the methods, standards, and specifications we prescribe from time to time in the Manual or otherwise in writing. You acknowledge that the System Standards may relate to any aspect of the operation of the Franchised Business. Any material failure to comply with the mandatory System Standards or to pass our periodic quality control inspections will constitute a material breach of this Agreement. You acknowledge that we have the right to vary our standards and specifications, in our reasonable judgment, to accommodate the individual circumstances of different franchisees.

### **8.2 Approved Products and Services.**

**8.2.1** You must offer for sale by the Franchised Business all products and services that we designate as required items. You will at all times maintain a complete inventory of approved items and supplies necessary for operating the Franchised Business. You may also offer for sale any optional items and services that we have approved in writing for sale in a RMS Office; however, you may not offer or sell any unapproved products or services without our prior written consent. For example, you may not offer commercial cleaning services without our prior written consent. You must sell products only in the weights, sizes, forms, and packaging that we have approved. You must provide services only using the methods that we have approved. You must discontinue selling or offering for sale any products or services which we, in our sole discretion, disapprove in writing at any time. If you would like to use or offer products, services, cleaning supplies, and/or equipment that we have not approved, you agree to first submit to us a written request for approval and you shall refrain from offering or using these items at the Franchised Business until you have received our written approval. We have the right to require you to use only

certain brands and to prohibit you from using other brands. We may from time to time modify the list of approved brands and you shall not reorder any brand that is no longer approved. You acknowledge that the offer or sale of any unapproved products or services in connection with the Franchised Business constitutes a material breach of this Agreement and good cause for termination of this Agreement. Any dispute between you and us as to whether any product or service is approved will be governed by the official lists we maintain at our principal office.

8.2.2 Within one hundred and twenty (120) days after receipt of written notice from us, you must begin selling any newly approved products and services and cease selling any products and services that are no longer approved. All products and services authorized for sale at the Franchised Business shall be offered for sale under the specific name designated by us. If you have a suggestion for a new product or service or for a change to an authorized product or service or you desire to participate in a test market program, you must provide us written notice prior to implementation. You may not add or modify any product or service or participate in a test market program without first having obtained our prior written approval. You must purchase any additional equipment and supplies as we deem reasonably necessary in connection with new products and services. If we require you to begin offering a new product or service which requires the purchase of additional equipment, we will provide you with a reasonable period of time, as determined in our sole discretion, for the financing and purchase of any such equipment before you must offer such new product or service for sale at the Franchised Business.

8.3 Sourcing of Products and Services. We have the right to require that all current and future products, supplies, equipment, promotional items, information technology services, credit card processing services, and other products and services that you purchase for the operation of or sale in the Franchised Business: (1) meet specifications that we establish from time to time; and/or (2) be purchased only from suppliers that we have expressly approved; and/or (3) be purchased only from a Designated Supplier (which may be us or an affiliate or a buying cooperative that we organize). To the extent that we establish specifications, require approval of suppliers, or name Designated Suppliers for particular items, we will provide the requirements to you in writing. If we elect to name ourselves or an affiliate as the Designated Supplier for a particular item, you must purchase all of your requirements of the item from us or the affiliate. You must submit orders in accordance with the terms and procedures we specify from time to time. Any conflicting terms and conditions of sale stated in your purchase order will have no effect. In case of shortages, we will have complete discretion to allocate products among RMS Offices (and, at our option, other channels of distribution). If shortages or an event of Force Majeure prevent us from being able to supply your Franchised Business with its requirements, you are authorized to purchase products from other sources for use at the Franchised Business until we are again able to meet the Franchised Business's requirements, provided that the alternative products meet our specifications and that we have given prior written approval. Although approved by us, designated by us, or supplied by us, we and our affiliates make no warranty and expressly disclaim all warranties, including warranties of merchantability and fitness for any particular purpose, with respect to services, products, equipment (including, without limitation, any required computer and software systems), supplies, fixtures, furnishings or other approved items. In addition, we disclaim any liability arising out of or in connection with the services rendered or products furnished by any supplier approved or designated by us. Our approval or consent to any services, goods, supplies or any other individual, entity or any item shall not create any liability on us.

8.4 Supplier Review Process. If we require you to use an approved supplier for a particular item, but you wish to purchase the item from a supplier that we have not approved, you may submit a written request for approval of the alternate supplier, unless it is an item for which there is a Designated Supplier. We have no obligation to review or approve a greater number of suppliers for an item than the number we deem reasonable, and any proposed supplier relationship must not jeopardize the availability of any special pricing or other benefits offered by our existing suppliers based on system-wide purchases. We will provide our standards and specifications to you or to the proposed supplier, subject to the supplier's execution of a confidentiality agreement in a form acceptable to us. We have the right to inspect the proposed supplier's facilities and to require delivery of product samples either to us or to an independent laboratory designated by us for testing. Upon completion of our analysis, we will notify you in writing of our approval or disapproval of the proposed supplier. You agree to pay a charge not to exceed our reasonable costs incurred in evaluating the supplier, regardless of whether or not we approve the

supplier. You may not purchase, sell, or offer for sale any products or services of the proposed supplier until you receive our written approval of the proposed supplier. We have the right to re-inspect the facilities and products of any approved supplier and to revoke approval upon the supplier's failure to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing products from the disapproved supplier and, in the case of revocation based on the failure of the supplier's products to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier's products as we direct.

8.5 Rebates. We may negotiate purchasing arrangements under which suppliers agree to make services, products, equipment, materials and other goods and services available to RMS Offices. Subject to applicable law, we may earn money from the suppliers based on your purchases in the form of rebates, commissions, or other payments. You acknowledge that these payments compensate us for the cost of negotiating and maintaining the purchasing arrangements with the suppliers and that, subject to applicable laws, we have no obligation to remit the funds to you.

8.6 No Other Sales Channels. You may not offer commercial cleaning services without our prior written approval. You may not engage in any grey marketing activities where you take advantage of purchasing arrangements for RMS Offices and transfer products to any other business not operating under the System. Unless expressly authorized by us, you may not sell products or services through any channel or facility other than to your Franchised Business customers. If we approve any one or more activities, we will not be deemed to have given our approval or waived our right to approve or disapprove any other activities that you may later propose. We will consider the factors that we deem appropriate, which may include the period of time you have been operating the Franchised Business, your sales volume, whether you have met certain quality standards and other benchmarks, and other standards that we may determine are applicable.

8.7 Use of Office Location; Hours of Operation. You must use the Office Location solely for the operation of the Franchised Business, must keep the Franchised Business open and in normal operation for the minimum hours and days specified in the Manual and as permitted by applicable laws, and must refrain from using or permitting the use of the Office Location for any other purpose or activity at any time without first obtaining our written consent.

8.8 Furnishings and Equipment. You must acquire and install at the Office Location and use in the operation of your Franchised Business, at your expense, such fixtures, furnishings, equipment, vehicles, décor, and signs as we may reasonably direct from time to time. You must not install or permit to be installed on or about the Office Location or use in the operation of the Franchised Business, without our prior written consent, any fixtures, furnishings, equipment, décor, signs, or other items not previously approved by us.

8.9 Condition of Office; Inspections.

8.9.1 You must constantly maintain the Office and all furniture, fixtures, equipment, vehicles, furnishings, floor coverings, interior and exterior signage, the building interior and exterior, interior and exterior lighting, in first-class condition and repair in accordance with the requirements of the System, including all ongoing necessary remodeling, redecorating, refurbishing and repairs. At your own expense, you must make such additions, alterations, repairs, and replacements as may be required for that purpose (but no others without our prior written consent). You will not install or permit to be installed on or about the Office premises any furnishings, fixtures, equipment, signs, décor, vending machines, video games, "honor boxes," or the like that we have not previously approved. Upon our request, you must provide us with copies of any inspection report conducted by a third party. You may not make any material alterations to the Office that affect operations or the image of the System without our prior written approval. You acknowledge and agree that the requirements of this Section 8.9 are both reasonable and necessary to ensure continued public acceptance and patronage of RMS Offices, to assist the Franchised Business to compete effectively in the marketplace for quality cleaning staff and employees, and to avoid deterioration or obsolescence of the operation of the Franchised Business.

8.9.2 You must permit us and our agents to enter the Office at any time during normal business hours to inspect the operations of the Franchised Business. You must cooperate with such inspections by rendering such assistance as our representatives may reasonably request. You must permit our inspectors and auditors to, among other things: take photographs, movies, videotapes or sound recordings; interview your managers, employees, agents, and representatives; interview your customers; make copies of your books, records and other documents relating to the Franchised Business; and take samples of documents, inventory, supplies, items and other materials from your premises, storage areas, and other facilities used in connection with the Franchised Business. Upon receipt of notice from us or our agents, you must immediately take such steps as may be necessary to correct any deficiencies identified during any such inspection during the time period we specify. You will pay us for the reasonable travel, lodging and meal expenses, and other inspection costs we incur if you or your owners, officers, managers, employees, agents or representatives fail to fully cooperate with our inspectors. We may publish or disclose the results of our inspections and audits. Our rights under this Section 8.9.2 survive for two (2) years after expiration or termination of this Agreement, or any transfer (as described in Section 16).

8.10 Quality Assurance Program. You must comply fully with our quality assurance program. The program may include, among other things, inspections of cleaning services performed by your employees at customer homes, customer satisfaction surveys, mystery shopper reports, and employee satisfaction and perception surveys. You must pay any out-of-pocket costs that we incur to third parties to carry out quality assurance program activities at your Franchised Business. If you fail to achieve the minimum score prescribed in the Manual for a specific quality assurance category, we may require you and/or your employees to complete additional training at your Office or a location that we designate, at your expense.

8.11 Compliance with Sound Business Practices. You will at all times operate the Franchised Business diligently and in a manner which is consistent with sound business practices. You will at all times maintain working capital and a net worth which is sufficient, in our opinion, to enable you to fulfill properly all of your responsibilities under this Agreement. You will pay all of your debts and obligations incurred in the operation of the Franchised Business as these debts and obligations become due. You will, in all dealings with us and our affiliates, your suppliers and customers, and public officials, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You will refrain from any business practice which may harm RMC Offices, the System or the Marks. You will cause your affiliates, employees, owners, representatives and agents to strictly comply with the provisions of this Agreement.

#### 8.12 Compliance with Laws and Taxes

8.12.1 You must operate the Franchised Business in full compliance with all applicable municipal, county, state and federal laws, rules, regulations and ordinances. You have sole responsibility for compliance despite any information or advice that we may provide.

8.12.2 You, on behalf of yourself and your owners, agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you, on behalf of yourself and your owners, certify, represent, and warrant that none of your respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of your owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.

8.12.3 You must promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness incurred in the operation of the Franchised Business. In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event will you permit a tax

sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Franchised Business.

8.12.4 You must immediately notify us in writing of the commencement of any action, suit, or proceeding and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of the Franchised Business.

#### 8.13 Control During Crisis Situation

8.13.1 If an event occurs in the operation of the Franchised Business that has or reasonably may cause harm or injury to customers or employees (*i.e.*, robberies, violent activities, slip and fall injuries, etc.) or may damage the Marks, the System or our reputation (collectively “**Crisis Situation**”), you shall: (1) immediately contact appropriate emergency care providers to assist you in curing the harm or injury; and (2) immediately inform us by telephone of the Crisis Situation. You must refrain from making any internal or external announcements (*i.e.*, no communication with the news media) regarding the Crisis Situation (unless otherwise directed by us or public health officials).

8.13.2 To the extent we deem appropriate, in our sole and absolute discretion, we or our designee may control the manner in which the Crisis Situation is handled by the parties, including, without limitation, conducting all communication with the news media, providing care for injured persons and/or requiring you to temporarily cease operating the Franchised Business. The parties acknowledge that, in directing the management of any Crisis Situation, we or our designee may engage the services of attorneys, experts, doctors, public relations firms and those other professionals as we deem appropriate. You and your employees shall cooperate fully with us or our designee in our efforts and activities in this regard and shall be bound by all further Crisis Situation procedures developed by us from time to time hereafter. The indemnification under Section 21.2 shall include all losses and expenses that may result from the exercise by us or our designee of the management rights granted in this Section 8.13.

#### 8.14 Quality and Customer Service Standards

8.14.1 All items and services you provide under this Franchise will be of high quality, and will conform to the quality and customer service System Standards. If we determine, in our sole discretion, that any of the items or services you have provided are not in the conformance with applicable quality standards, we may place you in default of this Agreement under Section 19 of this Agreement.

8.14.2 You must immediately resolve any customer complaints regarding the quality of products or services that you supply. When any customer complaints cannot be immediately resolved, you must use reasonable efforts to resolve the customer complaints as soon as practical and shall, whenever feasible, give the customer the benefit of the doubt. If we, in our sole discretion, determine that our intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if we, in our sole discretion, believe that you have failed adequately to address or resolve any customer complaints, we may, without your consent, resolve any complaints and charge you an amount sufficient to cover our reasonable costs and expenses in resolving the customer complaints, which amount you must pay to us immediately on demand.

8.15 Office Manager. Within ninety (90) days after opening the Franchised Business, you must designate an individual whom we have approved to serve as your Office Manager. The Office Manager shall meet all of the following qualifications:

8.15.1 The Office Manager must complete our training program that you will conduct and any additional training programs that we require to our satisfaction. We must have approved the Office Manager and not have later withdrawn that approval.

8.15.2 The Office Manager must devote his or her best efforts to supervising the day-to-day operation of the Franchised Business. The Office Manager shall not, without our prior written approval, engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations under this Agreement. You agree to provide us with an executed copy of any arrangement, agreement or contract, and all amendments thereto, between you and your Office Manager related to the operation of the Franchised Business.

8.15.3 If the Office Manager no longer qualifies as such, you must designate another qualified person to act as the Office Manager within thirty (30) days after the date the prior Office Manager ceases to be qualified. Your designee to be the Office Manager must satisfy the criteria set forth in this Section 8.15 and be approved by us.

#### 8.16 Staffing

8.16.1 You agree to maintain a competent, conscientious, trained staff in numbers sufficient to promptly service customers, including specified positions and minimum staffing levels that we may establish from time to time in the Manual. The positions and/or functions for which you will be required to maintain staff for your Franchised Business include, without limitation, the Office Manager and a Trainer, both of whom are trained in compliance with Section 6 above, and cleaning crews to provide the cleaning services to customers in your Territory. Prior to each employee's hire date, you must engage a reputable third party provider with access to nationwide records to conduct a background check including, at a minimum, a social security number verification and a criminal background check of all county criminal records for all previous addresses of the employee. Our Manual may provide for more detailed requirements for employee background checks. If you fail to conduct a satisfactory background check on any employee prior to his/her hire, such conduct constitutes a material default for which we may terminate this Agreement immediately.

8.16.2 You have sole responsibility for all employment decisions and functions of the Franchised Business, including those related to hiring, firing, training, wage and hour requirements, recordkeeping, supervision, and discipline of employees, despite any information or advice we may provide. You must maintain a competent, conscientious, trained staff with enough workers to operate the Franchised Business in conformance with our standards. You must take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as we may establish from time to time in the Manual.

8.16.3 You must comply with all state and local laws and regulations regarding the staffing and management of personnel including, but not limited to, any required licenses. You agree to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code and cleanliness and sanitation standards as we may prescribe in the Manual, or as may be required under applicable law.

8.16.4 You and your staff must, at all times, cooperate with us and with our representatives. We will have the ongoing right to approve or disapprove of the service of individuals in your Franchised Business as to the role that they play in your business if their continued performance would negatively affect the System and our brand. If we disapprove of such an individual, you agree to remove him/her from their current role (but you understand and agree that our disapproval of him/her in that role is not meant to, and should not be construed as, any instruction or demand on our part that the individual should be dismissed as an employee).

8.16.5 To promote a consistent image, you agree that you and your employees will comply with such dress code or standards as we may require, which may include use of branded (or other "uniform") apparel, and otherwise identify themselves with the Marks at all times in the manner we specify (whether in the Manual or otherwise in writing) while working for or at the Franchised Business. We may also require that you and your employees comply with personal appearance standards (including

but not limited to dress code, shoes, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays, etc.). You agree to buy any uniforms we may require only from approved suppliers.

8.17 Telephone Service and Call Center. We have the right to require you to use one or more designated telephone vendors. If we so require, you agree to use our designated telephone vendor(s) for the phone service to your Franchised Business. We also may designate, and own, the telephone numbers for your Franchised Business. If we so require, you agree to sign a power of attorney with respect to your telephone service and telephone numbers as set forth in the Manual. We may designate a Call Center for you to use for incoming calls and we reserve the right to charge a reasonable fee for the use of the Call Center.

8.18 Contributions and Donations. You will not make any contributions or donations of items, services or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization) in the name of the Franchised Business or otherwise associate with any Mark, without our prior express written consent.

#### 8.19 Technology Systems

8.19.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer and technology systems, and hardware be used by, between, or among RMS Offices, and in accordance with our standards, including without limitation: an office computer; computer tablets for each cleaning crew; computer related equipment; communications devices; high speed internet service; printers; telephone, voice messaging, retrieval, and transmission systems; and audio/visual equipment and software systems that we specify in writing from time to time. You must maintain an electronic connection between your systems and our systems and provide us with all user IDs and passwords necessary for us to independently access files and other information stored on your systems; must use the systems in accordance with all policies and operational procedures we issue from time to time; must transmit data to us at the times we specify; must maintain your systems in good working order at all times; must promptly install upgrades, additions, changes, modifications, substitutions and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities as we direct, which upgrades shall not be required more often than once a year; and must ensure that your employees are adequately trained in the use of such systems and our related policies and procedures. You must not install any software to your systems that we have not authorized, including virus software and firewalls. You must bear all costs of installation, operation, maintenance and upgrade of your systems. We reserve the right to require you to engage us or a hardware maintenance and/or help desk support provider approved by us to maintain your systems.

8.19.2 We have the right, but not the obligation, to develop or have developed for us, or to designate, software programs that you must use in connection with your computer systems. You must install all such software, including any updates, supplements, modifications, or enhancements that we require. We and our suppliers may charge a reasonable software license fee for any software that you are required to use. You must, at your expense, also purchase any continuing software maintenance service that we specify.

8.19.3 You agree to install and use all technology systems and software at your sole expense. You agree to pay us, our affiliates or our vendors any initial and ongoing fees in order to install and continue to use the required software, hardware, and other elements of your technology systems. Each party to this Agreement acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to comply with those reasonable new standards that we establish as if we periodically revised this Section 8.18 for that purpose.



8.20 Payment Systems. You must participate in any electronic or mobile payment systems that we specify in the Manual. You must honor all credit, charge, courtesy or cash cards or other credit devices that we specify. You must comply with the then-current Payment Card Industry Data Security Standards (PCI/DSS) as those standards may be revised by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)) or successor organization. Among other things, you agree to implement the security requirements that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance on our reasonable request, which may include having an independent third party conduct a PCI/DSS audit.

8.21 Pricing Activities. You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the products and services (subject to applicable law) offered and sold by the Franchised Business under this Agreement. With respect to the sale of all such products and services, you will have sole discretion as to the prices to be charged to customers; provided, however, that we will have the right to set maximum or minimum prices on such items (subject to applicable law), to promote inter-brand competition. If we impose a maximum price on a particular product or service, then (subject to applicable law) you may charge any price for that product or service, up to and including the maximum price we have set. If we impose a minimum price on a particular product or service, then you may charge any price for that product or service (subject to applicable law), down to and including the minimum price that we have set.

8.22 Compliance with Lease. If you occupy the Office Location under a Lease, you must comply with all terms of the Lease and all other agreements affecting the operation of the Franchised Business. You must undertake best efforts to maintain a good working relationship with your landlord and must refrain from any activity which may jeopardize your right to remain in possession of, or to renew the Lease for, the Office Location.

8.23 Franchisee Advisory Committee. We reserve the right to create a franchisee advisory committee ("FAC"). You will be required to participate in any communication programs developed by the FAC. You must participate, at your sole cost, in the FAC if you or one of your owners or employees is elected or appointed as a committee member. You may be required to pay a fee for, or contribute to, the FAC in an amount determined by the FAC.

## **9 MODIFICATIONS TO THE SYSTEM**

9.1 Ownership of the System. You acknowledge that we own all rights, title and interest in and to the System. You will not acquire any proprietary interest in the System. Your right to use the System is a license, derived solely under this Agreement. Any unauthorized use of the System by you will constitute a material breach of this Agreement.

9.2 System Changes. We, in our sole discretion, shall be entitled from time to time to change or modify the System, including modifications to the Manual, cleaning procedures, product and service offerings, required equipment, the signage, office requirements (including the trade dress, décor and color schemes), the presentation of the Marks, the adoption of new administrative forms and methods of reporting and of payment of any monies owed to us (including electronic means of reporting and payment) and the adoption and use of new or modified Marks or Works. You must accept and use or display in the Franchised Business any such changes or modifications in the System as if they were a part of the System at the time this Agreement was executed, and you will make such expenditures as the changes or modifications in the System may reasonably require.

9.3 Major Renovation of the Office. Extensive structural changes, major remodeling and renovations, and substantial modifications to existing equipment and improvements to modernize and conform the Office to the image of the System for new RMS Offices shall be required at our request (but not more often than once during the Initial Term of this Agreement). Within thirty (30) days after receipt of our written notice regarding the required remodel, you must prepare and complete drawings and plans for the required remodel. These drawings and plans must be submitted to, and their use approved by, us prior to the commencement of work. You must complete the required remodel within ninety (90) days after

receipt of our written notice. If the costs of the required remodel exceed Thirty-Five Thousand Dollars (\$35,000), you will have six (6) months to complete the work. In the event we determine, in our sole discretion, that you cannot amortize the cost of the remodel over the remaining years of the Initial Term, we may agree to extend the Initial Term of this Agreement. Capital expenses necessary for the ongoing repair and maintenance of the Office, exterior and interior signage, furniture, equipment, paint and flooring are not subject to the expense and time limitations described in this Section 9.3.

9.4 Innovations. All products, services, concepts, methods, techniques, and/or new information relevant to your operation of the Franchised Business (together, "**Innovations**"), whether or not constituting protectable intellectual property, that you or your employees create, or that are created on your behalf, must be promptly disclosed to us. All such Innovations will be deemed to be our sole and exclusive property and works made-for-hire for us. You and each of your owners agree to: (1) sign the assignment and/or other documents we request in order to implement this clause in order to evidence our ownership; (2) cause your employees and contractors to sign such assignment documents as we may request for this purpose; and (3) assist us in securing intellectual property rights in such Innovations.

9.5 Variances. We have the right, in our sole discretion, to waive, defer or permit variations from the standards of the System or any applicable agreement for any franchisee or prospective franchisee based on the peculiarities of a particular business, customer base, density of population, business potential, trade area population or any other condition or circumstance. We have the right, in our sole discretion, to deny any such request we believe would not be in the best interests of the System.

## 10 MARKETING

10.1 Marketing Programs. You acknowledge the value of and the need to develop, enhance, and promote the System and the Marks. You also acknowledge the importance of the standardization of marketing programs to the furtherance of the goodwill and public image of the System and the Marks. This Section 10 describes our marketing, public relations and advertising programs, our right to modify these programs, and the manner in which the marketing and advertising funds are used from time to time.

10.2 Market Introduction Program. You must spend at least Five Thousand Dollars (\$5,000) to advertise and promote the Franchised Business for a four (4) month period beginning one (1) month prior to opening through three (3) months following the opening of the Franchised Business ("**Market Introduction Period**"). We will provide to you a recommended marketing plan template for the Market Introduction Period ("**Market Introduction Plan**") and approved marketing materials for RMS Offices ("**Market Introduction Materials**"). You may modify the Market Introduction Plan and Market Introduction Materials to meet your local market needs. You must submit your Market Introduction Plan to us for our review and approval, including total expenditures, at least forty-five (45) days prior to implementation. You may not begin implementing the Market Introduction Plan without our written approval. If you fail to spend the required amount during the Market Introduction Period, you must spend the balance for Local Marketing as defined in Section 10.5. At our request, you must submit appropriate documentation to verify full compliance with your expenditure obligation under the Market Introduction Plan. Your obligation to make Local Marketing expenditures pursuant to Section 10.5 below will not commence until after the expiration of the Market Introduction Period.

10.3 Marketing Contributions and Expenditures. During the Initial Term, you must (1) contribute to the Brand Fund pursuant Section 10.4, (2) make Local Marketing expenditures pursuant to Section 10.5; and (3) contribute to a Cooperative pursuant to Section 10.6 if a Cooperative has been established in the Designated Market Area ("**DMA**") in which your Territory is located. We have the right to periodically re-allocate and/or increase the amount you contribute to the Brand Fund and any Cooperative and the amount you spend for Local Marketing effective upon ninety (90) days' notice; however, we will not increase your total marketing contributions and expenditures above five percent (5%) of Gross Sales.

#### 10.4 Brand Fund

10.4.1 We have established the Brand Fund for the enhancement, promotion and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate. We have the right to direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Fund, with final discretion over the strategic direction, creative concepts, materials and endorsements used and the geographic, market and media placement and allocation. You agree to participate in all advertising, marketing, promotional, research and public relations programs instituted by the Brand Fund. You must contribute the amounts set forth in Section 4.3 to the Brand Fund. The Brand Fund contribution will be payable at the same time and in the same manner as your payment of the Royalty Fee. RMS Offices operated by us and our affiliates also will contribute to the Brand Fund at the lowest rate specified for comparable franchisees. From time to time, we or our suppliers may deposit into the Brand Fund any rebates or similar allowances paid to us by our suppliers although we have no obligation to do so.

10.4.2 Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, free standing inserts, brochures, logo wear, labeling, video, audio, and written materials and electronic media, and other advertising and promotional materials; (2) media placement and buying, including all associated expenses and fees; (3) administering regional and multi-regional marketing and advertising programs; (4) market research and customer satisfaction surveys, including the use of secret shoppers; (5) the creative development of, and actual production associated with, premium items, giveaways, promotions, sweepstakes, contests, public relation events, and charitable or nonprofit events; (6) creative development of signage, posters, and individual RMS Office décor items including wall graphics; (7) recognition and awards events and programs including periodic national and regional conventions and meetings; (8) design, establishment, and maintenance of websites, extranets, intranets, search rankings, social media profiles, mobile application and other online and mobile presence; (9) retention and payment of personalities engaged as spokespersons, celebrity endorsements, advertising and promotional agencies, endorsement contracts, and other outside advisors including retainer and management fees; (10) sponsorship of sporting, charitable, or similar events; (11) review of locally produced marketing materials; (12) list acquisition and development; (13) association dues; (14) affinity program development; (15) development of third party facilities for the customization of local advertising; and (16) public relations and community involvement activities and programs.

10.4.3 We may sell certain advertising materials, merchandise and premium items to you that are developed by the Brand Fund and the earnings from such sales will be deposited in the Brand Fund. The Brand Fund also may be used to pay the reasonable salaries and expenses of our and our affiliates' employees who work on advertising, marketing, public relations materials, programs, activities or promotions prepared, planned or undertaken on behalf of the Brand Fund and professional fees and administrative costs and overhead that we or our affiliates incur in activities reasonably related to the administration and activities of the Brand Fund (including accounting fees, legal fees, and interest on monies borrowed by the Brand Fund). We will not use the Brand Fund for anything whose sole purpose is the marketing of franchises, however, the System website, public relations activities, community involvement activities and other activities supported by the Brand Fund may contain information about franchising opportunities. We may seek the advice of our franchisees by formal or informal means with respect to the creative concepts and media used for programs financed by the Brand Fund.

10.4.4 You acknowledge that the Brand Fund and any earnings thereon will be used to maximize general public recognition, acceptance, and patronage of RMS Offices, and that we are not obligated, in administering the Brand Fund, to make expenditures for you which are equivalent or proportional to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund. Your failure to derive any such benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the Brand Fund. The failure (whether with or

without our permission) of any other franchisee to make the appropriate amount of contributions to the Brand Fund will not release you from or reduce your obligation.

10.4.5 Nothing in this Agreement will be construed to create a trust or fiduciary relationship of any kind or nature whatsoever among the parties as it relates to the Brand Fund or our actions with respect thereto, including, but not limited to, collection of payments, maintenance of the bank account, bookkeeping, and disbursement of monies from the Brand Fund. Except as expressly provided in this Section 10, we assume no direct or indirect liability or obligation to you with respect to maintenance, direction, or administration of the Brand Fund. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We retain the final authority on all programs financed by the Brand Fund. We have the right to change or dissolve the Brand Fund at any time. If we disband the Brand Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to contributors in proportion to their respective Brand Fund contributions during the preceding twelve (12) month period.

#### 10.5 Local Marketing

10.5.1 You must develop, on an annual basis, a Marketing Plan that we have approved for you, your Franchised Business, and your market area. You must comply with all requirements regarding the Marketing Plan, including the use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, search engine optimization activities, and compliance with all promotional recommendations. All advertising materials that you produce must bear the Marks in the form, color, location and manner that we prescribe. You must spend for advertising and marketing in your market area ("**Local Marketing**") at least one percent (1%) of your annual Gross Sales. You must begin conducting Local Marketing after the expiration of the Market Introduction Period. Within thirty (30) days after the end of each quarter, you agree to send to us, in the manner we prescribe, an accounting of your Local Marketing expenditures during the preceding quarter. If you fail to expend on an annual basis, the required amount, then you must contribute to the Brand Fund any amounts that you should have expended to reach the local advertising requirement within thirty (30) days after the close of our fiscal year.

10.5.2 Local Marketing expenditures include the following pre-approved expenditures: (1) amounts spent by you for advertising media, such as digital, print, radio, television and outdoor, banners, posters, direct mail, grassroots premiums, event invites, and, if not provided by us at our cost, the cost of producing approved materials necessary to participate in these media; (2) coupons and special (or promotional) offers pre-approved by us; and (3) local marketing and public relations agency fees. Local Marketing expenditures do not include amounts spent for items, in our reasonable judgment, deemed inappropriate for meeting the minimum advertising requirement, including Office signage, directory and Internet listings, personnel salaries or administrative costs, vehicles and vehicle wraps (even though such vehicles may display the Marks), product costs associated with redemption of coupons and promotional offers and employee incentive programs. You may not issue any press release regarding the Franchised Business without our prior express written approval. All Local Marketing must be approved by us pursuant to Section 10.7 below.

10.6 Joint Marketing Programs and Cooperatives. We have the right to establish, and thereafter modify (1) co-marketing programs in which we and our franchisees join with suppliers or other third parties to cross-promote goods and services; (2) joint marketing efforts in which multiple RMS Offices can contribute to a specific advertising campaign or event; and/or (3) local or regional marketing co-operatives ("**Cooperatives**") that pool funds of RMS Offices on an ongoing basis to jointly promote the Marks and the RMS Offices of the Cooperative members. You must participate in each applicable joint marketing program and comply with the rules of the program. The following provisions apply to Cooperatives:

10.6.1 We have the right to designate any geographic area or set of common characteristics for purposes of establishing a Cooperative. If a Cooperative is applicable to your Franchised Business at the time the Franchised Business opens for business, you must join the

Cooperative. If a Cooperative applicable to the Franchised Business is established during the Initial Term, you must become a member and begin contributing no later than thirty (30) days after we authorize the Cooperative to begin operation. You will not have to contribute to more than one Cooperative for the same RMS Office at the same time. We (or our affiliates, as the case may be) will become a member of any Cooperative that is applicable to a RMS Office owned by us or our affiliates.

10.6.2 Each Cooperative will be organized for the exclusive purpose of developing, administering and executing advertising programs for the members of the Cooperative. Each Cooperative will adopt a Cooperative agreement governing the organization and operation of the Cooperative, subject to our approval. If the members of the Cooperative do not sign an agreement within a reasonable time, you agree to sign our recommended form of Cooperative Agreement. We reserve the right to change the form of organization, governing documents, and manner of operation of any Cooperative, and you and the other members agree to implement any such change promptly after notice from us. No changes in the bylaws or other governing documents of a Cooperative may be made without our prior written consent. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval pursuant to Section 10.7 below. We and our designated agents will have the right to examine and copy, at our expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative. We will also have the right, at any time, to have an independent audit made of the books of any Cooperative.

10.6.3 You and each other member of the Cooperative must contribute monthly to the Cooperative up to one percent (1%) of the Gross Sales of the Franchised Business which amount will result in a corresponding reduction in your Local Marketing obligation. We reserve the right to increase your Cooperative contribution by an additional one percent (1%) of the Gross Sales of the Franchised Business and this additional amount will not reduce your Local Marketing obligation.

10.6.4 We may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative and/or from the obligation to contribute (including a reduction, deferral or waiver of the contribution), upon written request of the franchisee stating reasons which we deem sufficient to support the exemption. Our decision concerning any request for exemption will be final. If an exemption is granted to a franchisee, the franchisee will be required to spend on Local Marketing the amount the franchisee otherwise would have been required to contribute to the Cooperative.

10.7 Approval Requirement. All advertising and promotion by you and by any Cooperative must be in the type of media and format that we approve, must be conducted in a dignified manner, and must conform to our standards and requirements. You or the Cooperative must submit written samples of all proposed advertising and promotional plans and materials to us for our approval at least ten (10) business days before their intended use, unless the plans and materials were prepared by us or have been approved by us within the last twelve (12) months. Proposed advertising plans or materials will be deemed to have been rejected if we have not approved them within ten (10) business days after receipt. We reserve the right to require you to discontinue the use of any advertising or marketing material that we previously approved upon notice.

10.8 Special Promotions. You must participate in special promotions, product and service offering launches and price point promotions that we establish from time to time at your expense, provided such promotions do not violate applicable law. You acknowledge that these activities may include limited time offer and other pricing promotions and that the featured price(s) may be less than your cost for the promotional item(s). You are required to obtain our prior written approval prior to implementing such a program that we have not mandated or provided. You shall fully participate in all programs, public relations campaigns, prize contests, special offers, and other programs, national, regional, or local in nature (including the introduction of new product or service offerings or other marketing programs directed or approved by us) that are prescribed from time to time by us. You must advise your customers of the promotions and otherwise participate in the manner we specify. You shall be responsible for the costs of such participation, which may include a commitment by you to purchase

specified quantities of inventory and supplies to support these programs. To the extent permitted by law, you will comply with any price restrictions that we promulgate from time to time.

#### 10.9 Electronic Marketing and Electronic Communications.

10.9.1 We will host and maintain an independent webpage for the Franchised Business at an internet address that we specify. We will provide and maintain this webpage using a standard template. We also will assign one email address to you for use with the Franchised Business. If you request additional email addresses for your managerial staff, we may charge you a fee to host these email addresses. Unless we have agreed to it in writing, you may not use, register, maintain, or sponsor any URL, social networking platform, blog, messaging system, email account, user name, text address, mobile application, or other electronic, mobile or internet presence that uses or displays any of the Marks (or any derivative thereof) or that promotes any products or services of the Franchised Business. You acknowledge that the use of any electronic medium constitutes advertising and promotion subject to our approval under Section 10.7. You agree not to transmit, or cause any other party to transmit, advertisements or solicitations by broadcast media, telephone, e-mail, text message, instant message, social network, VOIP, streaming media, or other electronic media that currently exists or may exist in the future without first obtaining our written consent as to: (1) the content of the advertisements or solicitations; and (2) the type of media intended to be used. All telephone answering messages, email auto-signatures, and other identifiers of the Franchised Business must be in the form we prescribe. If we approve the use of an electronic medium, our approval will be conditioned on your compliance with any standards and procedures we issue with respect to that type of electronic medium, including the use of any disclaimers, warnings, and other statements that we may prescribe.

10.9.2 You shall comply with our standards for the System, as set forth in the Manual or otherwise, with regard to our authorization to use, and the use of, blogs, common social networks (including Facebook, Instagram and Pinterest), professional networks (including LinkedIn), live blogging tools (including Twitter), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools that in any way reference the Marks or involve the System or the Franchised Business.

### 11 **INSURANCE**

11.1 Basic Requirements. You must, at your own expense, maintain the types and minimum amounts of insurance coverage specified below (which we may update in the Manual) including commercial general liability, products/completed operations; personal and advertising injury; fire damage; business personal property; tenant improvements; business income; automobile liability; workers' compensation; employers liability bodily injury; employment practices; professional liability; umbrella and additional coverage that we require. Our current insurance requirements are set forth below:

11.1.1 (1) commercial general liability insurance with limits of at least \$1 million per occurrence, at least \$1 million aggregate, and at least \$1 million per person, with a maximum deductible of \$2,500; (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Franchised Business (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) comprehensive and collision insurance on the vehicles used in operation of the Franchised Business with limits of at least \$300,000 per occurrence, at least \$300,000 per person, with \$300,000 per person medical benefits and a maximum deductible of \$500; (4) umbrella policy of \$1 million; and (5) workers' compensation insurance consistent with applicable law. Your commercial general liability policy must provide lost key coverage to re-key customer homes or offices if the customers' keys become lost or damaged while in your care, custody or control, and third-party dishonesty coverage on all employees to pay for theft by an employee of any customer or property.

11.1.2 All insurance coverage will be underwritten by a company acceptable to us that is rated A+ or better by A.M. Best & Company, Inc.; must name us, our affiliates, and their respective officers, directors, shareholders, consultants, agents, attorneys, and employees as additional insureds as

specified by us; and must not have deductibles, exclusions or co-insurance requirements that are unacceptable to us. You must provide us with evidence of all required insurance coverage and payment of premiums before opening the Franchised Business.

11.2 Proof of Insurance. Before your Franchised Business first opens for business, you will provide us with a copy of each certificate of all required insurance policies. At least thirty (30) days before each insurance policy expires, you must furnish a copy of the renewal or replacement insurance policy and evidence of payment of the premium. The policy must state that we will be notified by the insurance company if the policy is terminated, canceled or expires. Your obligation to obtain insurance coverage is not limited in any way by the insurance that we maintain.

11.3 Our Rights. We have the right to increase the amounts of coverage required and require different or additional kinds of insurance with thirty (30) days' prior written notice, including excess liability insurance, to reflect inflation, new risks, changes in the law or standards of liability, higher damage awards or other relevant changes in circumstances. All public liability and property damage policies must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors and assigns. If you fail to maintain the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you agree to reimburse us for the cost of insurance, plus all out of pocket expenses that we incurred in obtaining such insurance on your behalf.

## **12 ACCOUNTING AND RECORDS**

12.1 Books and Records. You must prepare, and must preserve for at least seven (7) years from the dates of their preparation, complete and accurate books, records, and accounts, in accordance with generally accepted accounting principles, which may include a prescribed chart of accounts and/or use of a designated accounting program or platform. You must record all sales, sales tax, and any other charges collected on behalf of third parties in accordance with the procedures prescribed in the Manual on the point of sale system that we specify.

12.2 Reports. You must submit to us, at your expense, in the form we prescribe:

12.2.1 Within five (5) days after the end of each month, a complete and accurate report of Gross Sales for the preceding month, and such other monthly data as we may reasonably require;

12.2.2 Within ten (10) days after the end of each month, a statement of operating performance of the Franchised Business including total revenue and customers, total sales per category, and other revenue and information as specified in the Manual;

12.2.3 Within thirty (30) days after the end of each of your fiscal quarters, interim unaudited income statements and balance sheets;

12.2.4 Within ninety (90) days after the end of each of your fiscal years, an income statement showing the results of your operations during such fiscal year and a balance sheet as of the end of such fiscal year, both of which must be prepared in accordance with generally accepted accounting principles and reviewed by an independent certified public accountant. If, however, the foregoing income statements and balance sheets are audited by an independent certified public accountant, then you must furnish the audited income statements and balance sheets rather than the reviewed income statements and balance sheets; and

12.2.5 Within fifteen (15) days after filing, a copy of the federal tax return for the Franchised Business.

12.3 Extranet. We may establish an extranet system to assist you with your Franchised Business. If an extranet system like this is established, we or our affiliate will administer and maintain it, and we will provide you or your owners or manager with access to this system. Subject to the System

Standards, we will continue to allow you or your owners or manager to access our extranet system during the term of this Agreement, so long as you are not in default under this Agreement. We may require you to use the an extranet system for communications, reports, and other functions, and you will comply with our requirements

12.4 Right to Examine or Audit. We and our designated agents will have the right to examine and copy, at our expense, on reasonable notice and during normal business hours, your books, records, accounts, and sales tax returns, whether located at your Office or another venue. We will also have the right, at any time, to have an independent audit made of your books. If an inspection or audit reveals that any payment to us has been understated, you must immediately pay to us the amount owed, together with applicable interest and late fees as provided in Section 4. If an inspection or audit reveals an understatement of the Gross Sales of the Franchised Business of two percent (2%) or more, you must, in addition to the payment of all monies owed with interest, reimburse us for all costs connected with the inspection or audit (including expenses for travel, lodging and wages, and reasonable accounting and legal costs). If our examination reveals an understatement of the Gross Sales of the Franchised Business for any period by two percent (2%) or more three (3) or more times during any thirty-six (36) month period, or by more than five percent (5%) on any one occasion, then in addition to your obligations to pay the amounts owed as referenced above, we may immediately terminate this Agreement. The foregoing remedies are in addition to any other remedies we may have.

## 12.5 Data and Privacy

12.5.1 We may periodically specify in the Manual or otherwise in writing the information that you will collect and maintain on your technology systems and you will provide to us such reports as we may reasonably request from the data so collected and maintained. You agree that all data that you collect from customers, suppliers or others in connection with the Franchised Business including, but not limited to, names, addresses, email addresses, phone numbers, birth dates, transaction data, demographic data, behavioral data, customer service history, correspondence and other data that you create and/or collect in connection with the System, or in connection with your operation of the Franchised Business is and will be owned exclusively by us. We hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement for your transactional use, and solely for the purpose of managing the Franchised Business. We reserve the right to use or transfer this data as we deem appropriate and to provide the information to our affiliates. You must, at your expense, transfer copies and/or originals of all data that we specify in the Manual or upon our request. You may not use any such data for activities not related to the Franchised Business without our prior written approval. You may not sell or transfer any customer data to any third party other than us and our affiliates. However, if you transfer the Franchised Business (as provided in Section 16 below), as part of the transfer, you must also transfer use of the customer data, customer contracts, and related data to the buyer as part of the total purchase price paid for the Franchised Business. You must make a final transfer of all data that we request to us at the termination or expiration of this Agreement and you may not retain any such data.

12.5.2 In connection with any use of data in the Franchised Business, you agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("**Privacy Laws**"). You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (1) comply with the requirements of applicable law; (3) immediately give us written notice of said conflict; and (3) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent with respect to such policy.

12.5.3 You will protect the privacy of your customers by keeping their personal data confidential. You will not disclose customer data to anyone, without our prior written consent, other than to your employees and us. You must implement and maintain reasonable security procedures and practices to protect your customers' personal data from unauthorized access, destruction, use and



disclosure. You must report to us any breach of the security of your customers' personal information within twenty-four (24) hours after you discover the breach.

12.6 Public Filings. If you are or become a publicly-held entity in accordance with other provisions of this Agreement, you must send to us copies of all reports (including responses to comment letters) or schedules that you may file with the U.S. Securities and Exchange Commission (certified by your chief executive officer to be true, correct, complete and accurate) and copies of any press releases you may issue within three (3) days of the filing of those reports or schedules or the issuance of those releases. If you request information from us to compile your reports, you must reimburse us for our costs and expenses in preparing such reports.

## **13 MARKS AND THE WORKS**

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

13.2 Identification of the Franchised Business. You must operate, advertise, and promote the Franchised Business only under the Marks. In conjunction with any use of the Marks, including on all customer contracts, checks and negotiable instruments, invoices, letterhead, email signature blocks and other electronic media, stationery, order forms, and business cards you must identify yourself to the public as an independent franchisee operating under the authority of this Agreement. You also must post a notice of your status as a franchisee at a conspicuous location at the Office Location.

13.3 Proprietary Materials. You acknowledge and agree that we and/or our affiliates are the owners of the Works and that the copyrights in the Works are valuable property. We authorize you to use the Works on the condition that you comply with all of the terms and conditions of this Section 13.3. You acknowledge and agree that we may create, acquire or obtain licenses for certain additional copyrights in various works of authorship used in connection with the operation of a RMS Office, including, but not limited to, all categories of works eligible for protection under the United States copyright law, all of which will be deemed to be part of the Works. The Works include, but are not limited to, the Manual, advertisements, promotional materials, labels, posters, coupons, gift certificates, customer contracts, vehicle wraps, signs, World Wide Web and other internet sites, and office designs, plans and specifications. The Works may incorporate all or part of the Marks or other trade dress used as part of the System. You acknowledge that this Agreement does not confer any interest in the Works on you, other than the right to use the Works in the operation of the Franchised Business in compliance with the terms of this Agreement. If you prepare any adaptation, translation or work derived from the Works, including, but not limited to, advertisements, promotional materials, labels, posters, or websites, whether or not such adaptation was authorized by us, you agree that such material will be our property and you hereby assign all your right, title and interest therein to us (or to a third party designated by us). You agree to execute any documents, in recordable form, which we deem necessary to reflect or perfect such ownership. You must submit all such adaptation, translation or derivative works to us for approval prior to use.

13.4 Limitations on Use. Your right to use the Marks and the Works is limited to the uses we authorize under this Agreement and any unauthorized use will constitute an infringement of our rights. Therefore, you agree to:

13.4.1 Use only the Marks and the Works that we designate and use them only in the manner we authorize;

13.4.2 Use the Marks and Works only for the operation of the Franchised Business and only in the Territory or in advertising for the Franchised Business;

13.4.3 Operate and advertise the Franchised Business only under the name “Regal Maid Service” and use all Marks without prefix or suffix;

13.4.4 Refrain from using the Marks as part of your corporate or legal name;

13.4.5 Ensure that all advertising and promotional materials, packaging, signs, decorations, websites, and other items that we may specify, bear the Marks in the form, color, size, and location we prescribe;

13.4.6 Not use the Marks to incur any obligation or indebtedness on behalf of us or our affiliates;

13.4.7 Not use the Marks on any human resources materials including policies, forms, pay checks, and manuals;

13.4.8 Comply with our instructions in filing and maintaining any requisite trade name or fictitious name registrations, and execute any documents we deem necessary to obtain protection for the Marks and the Works or to maintain their continued validity and enforceability;

13.4.9 Not directly or indirectly contest the validity of, or take any other action which tends to jeopardize our or our affiliates' rights to the ownership of or right to use and to license others to use the Marks or the Works; and

13.4.10 Ensure that the Marks and the Works bear the “®”, “™”, “SM” or © notice, respectively, as we may prescribe from time to time.

13.5 Acknowledgments. You acknowledge that:

13.5.1 The Marks and the Works are valid and serve to identify the System and those who are authorized to operate under the System;

13.5.2 Your use of the Marks and Works pursuant to this Agreement does not give you any ownership interest or other interest in the Marks or the Works;

13.5.3 Any and all goodwill arising from your use of the Marks and the Works will inure exclusively to our benefit and to the benefit of our affiliates, and upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System, the Marks, or the Works; and

13.5.4 The license granted under this Agreement to use the Marks and the Works is nonexclusive.

13.6 Changes to the Marks and the Works. We reserve the right to modify or require you to discontinue use of any of the Marks or the Works and/or to substitute different service marks, trademarks or copyrighted material for use in identifying the System and the Franchised Businesses operating under the System. When required by us, you must promptly discontinue use of designated Marks or Works or implement any modification or substitution at your own cost and expense. We will have no obligation or liability to you as a result of such modification or substitution.

13.7 Third Party Challenges. You must promptly notify us of any unauthorized use or reproduction of the Marks or the Works, any challenge to the validity of the Marks or the Works, the ownership by us and our affiliates of the Marks and the Works, our right to use and to license others to use the Marks and the Works, or your right to use the Marks or Works. You acknowledge that we and our affiliates have the right to direct and control any administrative proceeding or litigation involving the Marks or Works, including any settlement thereof. We and our affiliates have the right, but not the obligation, to

take action against uses by others that may constitute infringement of the Marks or Works. We will defend you against any third-party claim that your use of the Marks or the Works infringes the rights of the third party. We will bear the cost of defense (including the cost of any judgment or settlement) if you have used the Marks and the Works in accordance with the terms of this Agreement, but otherwise you must bear the cost of the defense (including the cost of any judgment or settlement). You must execute any and all documents and do such acts as we deem necessary to carry out the defense or prosecution of any litigation involving the Marks or the Works, including, but not limited to, becoming a nominal party to any legal action.

## 14 YOUR ORGANIZATION AND MANAGEMENT

### 14.1 Your Organization

14.1.1 If you are a legal entity such as a corporation, a limited liability company or a partnership, you make the following representations and warranties: (1) you are duly organized and validly existing under the laws of the state of your formation; (2) you are qualified to do business in the state or states in which the Office and the Territory are located; (3) execution of this Agreement and the development and operation of the Franchised Business is permitted by your governing documents; and (4) unless waived in writing by us, your Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that your activities are limited exclusively to the development and operation of RMS Offices.

14.1.2 If you are an individual, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (1) each individual has executed this Agreement; (2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (3) notwithstanding any transfer to a business entity, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.

14.2 Ownership Interests and Continuity Group. If you are a business entity, all interests in you are owned as set forth in attached Exhibit B. You must comply with Section 16 prior to any change in ownership interests and must sign addenda to Exhibit B as changes occur in order to ensure the information contained in Exhibit B is true, accurate and complete at all times. Exhibit B also lists those persons who comprise your “**Continuity Group**.” The parties acknowledge and agree that it is their intent that the members of the Continuity Group include the Managing Owner and (1) all holders of a legal or beneficial interest of ten percent (10%) or more (“**10% Owners**”) in your entity; (2) if you are a limited partnership, all 10% Owners of your general partner; and (3) all 10% Owners of a corporation or limited liability company that owns a controlling interest in your entity. In the event of any change in the Continuity Group or in the ownership interests of any member of the Continuity Group, you must sign addenda to Exhibit B to reflect the change. If you are a corporation, the Continuity Group shall at all times own at least fifty-one percent (51%) of your voting securities; if you are a limited liability company, the Continuity Group shall at all times own at least fifty-one percent (51%) of your membership interests; and if you are any other type of business entity, the Continuity Group shall at all times have at least a fifty-one percent (51%) interest in the operating profits and losses and hold at least fifty-one percent (51%) of your ownership interests.

14.3 Governing Documents. Upon request by us, you shall promptly deliver to us, as applicable, true and complete copies of the articles or certificate of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to your ownership, organization, capitalization, management and control and all amendments thereto. When any of these governing documents are modified or changed, you promptly shall provide copies to us. If you are a corporation, you shall maintain stop-transfer instructions against the transfer on the records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: “Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Regal Maid Service Franchise Agreement(s) to which the

corporation is a party.” If you are a publicly held corporation, these requirements shall apply only to the stock owned by your Continuity Group. If you are a limited liability company, each membership or management certificate shall have conspicuously endorsed upon its face the following statement: “Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Regal Maid Service Franchise Agreement(s) to which the limited liability company is a party.” If you are a partnership, your written partnership agreement shall provide that ownership of an interest in the partnership is held, and that further assignment or transfer thereof, is subject to all restrictions imposed on assignment by this Agreement.

#### 14.4 Guarantee of Performance

14.4.1 All members of the Continuity Group, your 10% Owners, and each of their spouses, if applicable, shall jointly and severally personally guarantee your payment and performance under this Agreement and personally bind themselves to the terms of this Agreement pursuant to the Guarantee and Assumption of Franchisee’s Obligations (“**Guarantee**”) attached as Exhibit C. Unless you are a publicly-held entity, all of your officers, directors, limited liability company managers and their spouses, if applicable, also shall jointly and severally guarantee your payment and performance under this Agreement and bind themselves to the terms of this Agreement pursuant to the attached Guarantee. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to waive the requirement that some or all of the previously described individuals sign the attached Guarantee. We also reserve the right to require any guarantor to provide personal financial statements to us from time to time.

14.4.2 With respect to your owners, you acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not corporations, limited liability companies or other entities) sign the Guarantee. Accordingly, if any owner is not an individual, we shall have the right to require individuals who have only an indirect ownership interest in you to sign the Guarantee. (By way of example, if an owner is a corporation, we have the right to require individuals who have an ownership interest in that corporation to sign the Guarantee.)

14.5 Managing Owner. You must designate one of your 10% Owners as your Managing Owner who will be the person with whom we communicate and whom will have the authority to bind you with respect to all financial, operational and legal matters related to the Franchised Business and this Agreement. The Managing Owner may also serve as your Multi-Unit Manager (as defined in Section 14.6 below). You must designate a replacement within thirty (30) days after your Managing Owner ceases to qualify as a Managing Owner. Your replacement must successfully complete our training program, which may be conducted by your Trainers, within thirty (30) days of their appointment as your Managing Owner. Your designee to become the Managing Owner must satisfy the criteria set forth in this Section 14.5 and be approved by us.

14.6 Multi-Unit Manager. If you or the Franchisee Affiliates own or control more than one (1) franchised RMS Office and your Managing Owner requests our consent to devote less than full time to supervising the operation of the RMS Offices, you must designate and retain an individual to serve as the Multi-Unit Manager. The Multi-Unit Manager shall meet all of the following qualifications:

14.6.1 The Multi-Unit Manager shall devote full time and best efforts to supervising the operation of the Franchised Business and the other franchised RMS Offices that you and the Franchisee Affiliates operate and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations under this Agreement. You agree to provide us with an executed copy of any arrangement, agreement or contract, and all amendments thereto, between you and your Multi-Unit Manager related to the operation of the franchised RMS Offices.

14.6.2 The Multi-Unit Manager shall successfully complete our initial training program and any additional training that we require. We must have approved the Multi-Unit Manager and not have later withdrawn that approval. If the Multi-Unit Manager no longer qualifies as such, you shall designate a replacement approved by us within thirty (30) days after the date the prior Multi-Unit Manager ceases to

be qualified. Your replacement must successfully complete our training program, which may be conducted by your Trainers, within thirty (30) days of their appointment as your Multi-Unit Manager.

## 15 COVENANTS

### 15.1 Confidentiality

15.1.1 You acknowledge and agree that: (1) we own all right, title and interest in and to the System; (2) the System includes trade secrets and confidential and proprietary information and know-how that gives us a competitive advantage; (3) we have taken all measures appropriate to protect the trade secrets and the confidentiality of the proprietary information and know-how of the System; (4) all material or other information now or hereafter provided or disclosed to you regarding the System is disclosed in confidence; (5) you have no right to disclose any part of the System to anyone who is not your employee; (6) you will disclose to your employees only those parts of the System that an employee needs to know; (7) you will have a system in place to ensure that your employees keep confidential our trade secrets and confidential and proprietary information, and, if requested by us, you shall obtain from those of your employees designated by us an executed confidentiality and non-disclosure agreement in the form prescribed by us; (8) by entering into this Agreement, you do not acquire any ownership interest in the System; and (9) your use or duplication of the System or any part of the System in any other business, or disclosure of any part of the System to others for use or duplication in any other business, would constitute an unfair method of competition, for which we would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

15.1.2 You shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, cleaning methods, techniques and other data that we or our affiliates designate as confidential shall be deemed confidential for purposes of this Agreement.

### 15.2 Restrictions On Competition

15.2.1 You acknowledge and agree that: (1) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and other confidential information from us and/or our affiliates regarding the development and operation of RMS Offices, product preparation and sale, cleaning services, market and operations research, advertising and marketing plans and strategies, purchasing, sales and marketing methods and techniques owned by us and our affiliates; (2) the know-how regarding the System and the opportunities, associations and experience acquired by you pursuant to this Agreement are of substantial value; (3) in developing the System, we and our affiliates have made substantial investments of time, effort, and money; (4) we would be unable adequately to protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among operators of RMS Offices if franchisees were permitted to engage in the activities described in this Section 15.2 or to hold interests in the businesses described in this Section 15.2; and (5) the restrictions on your right to hold interests in, or perform services for, the businesses described in this Section 15.2 will not unduly limit your activities.

15.2.2 You covenant and agree that, except as we otherwise approve in writing, during the Initial Term, and for a continuous period of two (2) years following the expiration, transfer or termination of this Agreement, you will not, either directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person or legal entity:

15.2.2.1 Own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to or have any interest in, either directly or indirectly, any business that offers residential or commercial cleaning services or maid services ("**Competing Business**"). During the

term of this Agreement, there is no geographical limitation on this restriction. Following the expiration, transfer or termination of this Agreement, this restriction shall apply to any Competing Business offering services to customers located: (1) within your Territory plus the area formed by extending the boundary of your Territory by ten (10) miles in any direction; or (2) within the territory assigned to any then-existing RMS Office, plus the area formed by extending the boundaries of that territory ten (10) miles in all directions; or

15.2.2.2 Divert or attempt to divert any present or prospective business or customer to any Competing Business by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

15.3 Exception for Publicly Traded Stock. The restrictions contained in Section 15.2 will not apply to ownership by you of less than five percent (5%) beneficial interest in the equity securities of any publicly-held corporation.

15.4 Owners and Employees. Your owner(s) identified in Exhibit B that sign the Guarantee attached to this Agreement as Exhibit C will agree to be bound personally by the provisions of this Section 15, provided that, as to them, the time period in Section 15.2.2.1 will run from the expiration, termination, or transfer of this Agreement or from the termination of the individual's relationship with you, whichever occurs first. At our request, you must obtain signed agreements similar in substance to this Section 15 (including agreements applicable upon termination of a person's relationship with you) from any: (1) Office Manager or Trainer; (2) your officers, directors, and owners; and (3) your employees. Each agreement required by this Section 15.4 must be in a form we approve and specifically identify us as a third party beneficiary with the independent right to enforce the agreement. Our current form of Non-disclosure and Non-competition Agreement is attached to this Agreement as Exhibit E. It is your responsibility to have this form reviewed and approved (or modified subject to our approval) by an attorney licensed in your jurisdiction.

#### 15.5 Enforcement

15.5.1 We have the right, in our sole discretion, to reduce the scope of any restriction in Section 15.2 by giving you written notice and you agree to comply with any covenant so modified, which shall be fully enforceable notwithstanding the provisions of Section 25.

15.5.2 You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 15.

15.5.3 You acknowledge that your violation of the terms of this Section 15 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Section 15. Injunctive relief will be in addition to any other remedies we may have.

15.5.4 If you or any other person bound by this Section 15 fails or refuses to abide by any of the foregoing restrictions on competition, and we obtain enforcement in any legal proceeding, the obligations under the breached restriction will continue in effect for a period ending two (2) years after the date the person begins to comply with the order enforcing the restriction.

## 16 TRANSFER

16.1 By Us. We have the right to transfer or assign this Agreement or any part of our rights or obligations under this Agreement to any person or legal entity. You agree that we will have no liability after the effective date of the transfer or assignment for the performance of any obligations under this Agreement. You acknowledge that we can sell our assets; sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing,

recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

16.2 By You. You acknowledge that the rights and duties set forth in this Agreement are personal to you and that we have granted these rights in reliance on your business skill, financial capacity, and personal character (or, if you are a business entity, on the business skill, financial capacity, and personal character of your owners and management). Accordingly, neither you nor any immediate or remote successor to any interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in you, will sell, assign, transfer, convey, pledge, encumber or give away any direct or indirect interest in this Agreement, in you, or in substantially all of the assets of the Franchised Business, without our prior written consent, which will not be unreasonably withheld. You must (i) notify us in writing of any proposed transfer at least thirty (30) days before the transfer is to take place ("Transfer Notice"), (ii) pay the nonrefundable transfer fee described below in subsection 16.4.9, and (iii) provide all information and documentation relating to the proposed transfer that we reasonably request. Notwithstanding the foregoing, you may grant a security interest in, or otherwise encumber certain assets of the Franchised Business, excluding the Franchise Agreement, in connection with obtaining financing for the development and/or operation of the Franchised Business or equipment leasing, if such financing satisfies our requirements, which may include, without limitation, execution of agreements by us, you and your owners and your secured creditor, in a form satisfactory to us, acknowledging such creditor's obligations to be bound by the terms of this Section 16.

16.3 Our Right of First Refusal. We have the right, exercisable within thirty (30) days after receipt of a written request for our approval of a proposed transfer pursuant to this Section 16 (other than a transfer to immediate family members of your owners who meet our operational and financial criteria for new franchisees), to purchase the interest proposed to be transferred. The request to approve a transfer must include a true and complete copy of the term sheet, letter of intent, proposed purchase agreement, assignment document, or any other document necessary to implement the transfer, and not be subject to financing or any other contingencies. Our thirty (30) day period for determining whether or not to exercise our right of first refusal will not begin until the transferor has provided all information and documentation that we require in a form and substance satisfactory to us. We may assign this right of first refusal to a third party in our sole discretion. If we desire to exercise our right of first refusal, we will do so by providing written notice (the "**Purchase Notice**") to the transferor, as follows:

16.3.1 If the transfer is proposed to be made pursuant to a sale, we may purchase the interest proposed to be transferred on the same financial terms and conditions offered by the third party. Closing on our purchase will occur within sixty (60) days after the date of the transferor's receipt of the Purchase Notice. If the consideration, terms, and/or conditions offered by the third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If, within thirty (30) days of the transferor's receipt of the Purchase Notice the parties cannot agree as to the reasonable equivalent in cash consideration, an independent appraiser will be appointed by mutual agreement and the determination of the appraiser will be binding. Any material change in the terms of the offer from a third party after we have elected not to purchase the interest sought to be transferred will constitute a new offer subject to the same rights of first refusal by us as in the case of the third party's initial offer.

16.3.2 If the transfer is proposed to be made by gift, you and we will jointly designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within forty-five (45) days after our notice to the transferor of the appraiser's determination of fair market value.

16.3.3 Our failure to exercise our right of first refusal shall not constitute approval of the proposed transfer nor a waiver of any other provision of this Section 16 with respect to a proposed transfer. If we do not exercise our right of first refusal, you or your owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to our consent to the transfer as provided in Section 16.2, provided that if the sale to such offeror is not completed within sixty (60) days after

receipt of our notice of our decision not to exercise our right of first refusal, or if there is a material change in the terms of the offer, you must promptly notify us, and we will have an additional right of first refusal (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30) day period following your notification of the expiration of the sixty (60) day period or the material change to the terms of the offer

16.4 Conditions of Our Consent. If we elect not to exercise our right of first refusal under Section 16.3, the proposed transferor may complete the transfer after obtaining our written consent as required under Section 16.2. We may withhold our consent on any reasonable grounds, or may give our consent subject to reasonable conditions, which may include, but are not limited to, the following:

16.4.1 That all of your accrued monetary obligations to us and our affiliates (whether arising under this Agreement or otherwise) and all other outstanding obligations related to the Franchised Business (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in our reasonable judgment, adequately provided for. We reserve the right to require that a reasonable sum of money be placed in escrow to ensure that all of these obligations are satisfied;

16.4.2 That you are not then in material default of any provision of this Agreement or any other agreement between you and us or our affiliates, are in good standing as a franchisee with us and our affiliates, are not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Business and are not in default beyond the applicable cure period with any vendor or supplier to the Franchised Business;

16.4.3 That the sales price shall not be so high, in our reasonable judgment, as to jeopardize the ability of the transferee to develop, maintain, operate and promote the Franchised Business and meet financial obligations to us, third party suppliers and creditors. Our decision with respect to a proposed transfer shall not create any liability on the part of us: (1) to the transferee, if we approve the transfer and the transferee experiences financial difficulties; or (2) to the transferor or the proposed transferee, if we reject the transfer pursuant to this Section 16 or for other legitimate business purposes. We, without any liability to the transferor or the proposed transferee, have the right, in our sole discretion, to communicate and counsel with the transferor, you, and the proposed transferee regarding any aspect of the proposed transfer;

16.4.4 That the transferor executes a general release, in a form satisfactory to us, of any and all claims against us, our affiliates, and their respective past, present, and future officers, directors, shareholders, and employees, in their corporate and individual capacities;

16.4.5 That the transferee (and if the transferee is a corporation, partnership, or limited liability company, such owners of a beneficial interest in the transferee as we may request) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement; or, at our option, enter into our then current form of Franchise Agreement; and, if the transferor guaranteed your obligations under this Agreement, that the transferee guarantee the performance of all such obligations in writing in a form satisfactory to us;

16.4.6 If the transferee is an existing RMS developer or franchisee, that the transferee is not in default under its agreements with us, its landlords, lenders and its suppliers and has a good record of customer service and compliance with our operating standards;

16.4.7 That the transferee, whether or not an existing RMS developer or franchisee, demonstrates to our satisfaction that he or she meets (or, if the transferee is a business entity, that its owners and management team meet) our educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise); has the ability to obtain a possessory interest in the Office Location; has the ability to obtain



all required licenses and permits to operate the Franchised Business; and has adequate financial resources and capital to fulfill your obligations under this Agreement in a timely manner;

16.4.8 That you have corrected any existing deficiencies of the Franchised Business of which we have notified you, and/or the proposed transferee agrees to upgrade, remodel, and refurbish the Office in accordance with our then current requirements and specifications for RMS Offices within the time period we specify following the effective date of the transfer (we will advise the proposed transferee before the effective date of the transfer of the specific actions that are required and the time period within which such actions must be taken);

16.4.9 That the transferor pays a transfer fee in the amount of Three Thousand Five Hundred Dollars (\$3,500) or such greater amount as is required to reimburse us for our reasonable expenses associated with reviewing the application for transfer including legal and accounting fees. If the transaction involves one or more RMS Offices in addition than the Franchised Business franchised under this Agreement, the transferor must also pay the transfer fee specified in the franchise agreement for each other RMS Office in the transaction. This transfer fee is nonrefundable and must be paid simultaneously with the Transfer Notice; and

16.4.10 That the transferee (if an entity, the Managing Owner) and any employees of the transferee who have not previously completed a training program approved by us complete any training programs then in effect for new franchisees at a cost of Three Thousand Five Hundred Dollars (\$3,500).

16.5 Transfers to an Entity Wholly Owned by You. If desire to transfer this Agreement to a corporation or limited liability wholly owned by you, where the ownership and management of the Franchised Business will not change, the requirements of Section 16.2 shall apply to such a transfer; however, you will not be required to pay a transfer fee. Our consent also will be conditioned on the following: (1) the entity must be newly organized; (2) prior to the transfer, we must receive a copy of the documents specified in Section 16.2 and the transferee shall comply with the remaining provisions of Section 16; and (3) you must own all voting securities of the newly formed corporation (or membership interests of the newly formed limited liability company) or, if you are owned by more than one individual, each person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the transfer.

16.6 Death, Incapacity or Bankruptcy. If you or any owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, you will not be required to pay a transfer fee. In addition, if the deceased or incapacitated person is the Managing Owner, we will have the right (but no obligation) to take over operation of the Franchised Business upon giving notice to the executor, administrator, personal representative, or trustee and to manage the Franchised Business until the transfer is completed. If we exercise this right, we can charge a reasonable management fee for our services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (1) for a period of thirty (30) or more consecutive days, or (2) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of transfer set forth in Section 16.4, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement. If an interest is not disposed of under this Section 16.6 within six (6) months after the date of death or appointment of a personal representative or trustee, we can terminate this Agreement under Section 19.2.

16.7 Private Securities Offering. If you or any owner desires to offer securities in an offering that does not require registration under any federal or state securities law, the offering will be subject to all of the conditions of this Section 16, including our right of first refusal. All materials required for the offering by federal or state law must be submitted to us for review and consent before use. No offering

may imply, by use of the Marks or otherwise, that we are participating in underwriting, issuing, or offering the securities. Our review of the offering materials will be limited solely to the subject of the relationship between you and us. All participants in the offering must fully indemnify us in connection with the offering. For each proposed offering, we may require you to pay, in addition to the transfer fee under Section 16.4, a non-refundable fee of up to Ten Thousand Dollars (\$10,000) to reimburse us for our costs and expenses associated with reviewing the proposed offering. You must give us written notice at least thirty (30) days before the commencement date of any offering for which we have completed our review and any consent of the offering materials.

16.8 Nonconforming Transfers Void. Any purported assignment or transfer that is not in compliance with this Section 16 will be null and void and will constitute a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure pursuant to Section 19.2 below. Our consent to a transfer will not constitute a waiver of any claims we may have against the transferor, nor will it be deemed a waiver of our right to demand exact compliance by the transferor, transferee or you with any of the terms of this Agreement.

## 17 GENERAL RELEASE

17.1 You (on behalf of yourself and, if you are an individual, on behalf of your heirs, representatives, successors and assigns, and if you are an entity, on behalf your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, shareholders, agents and employees, in their corporate and individual capacities) (collectively, “**Franchisee Releasors**”) freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively “**Franchisor Releasees**”), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “**Claims**”), which any Franchisee Releasor now owns or holds or may at any time have owned or held, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and Claims arising out of, or relating to this Agreement and all other agreements between any Franchisee Releasor and any Franchisor Releasee, the sale of any franchise to any Franchisee Releasor, the development and operation of the Franchised Business and the development and operation of all other businesses operated by any Franchisee Releasor that are franchised by any Franchisor Releasee. For the purpose of implementing a general release and discharge as described in this Section 17, you expressly acknowledge that this agreement is intended to include in its effect, without limitation, a release of all Claims described in this Section 17, including those which the parties do not know or suspect to exist in their favor at the time of execution hereof, and that this agreement contemplates that any such Claims will be permanently extinguished. You expressly agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and final release of all Claims. This General Release does not release any Claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise impair or affect any Claims arising after the date of this Agreement.

17.2 This Section 17.2 is applicable only if the Office is located in the State of California or you or any of your owners are domiciled in or reside in the State of California: You expressly waive and relinquish all rights and benefits that you either may now have or may in the future have under and by virtue of California Civil Code Section 1542. You do so understanding the significance and consequence of such a specific waiver. (Section 1542 provides that “[a] general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”)

## 18 RENEWAL

18.1 Successor Franchise Agreements. When this Agreement expires, you will have an option to remain a franchisee and continue to operate the Franchised Business at the Office Location for two (2) successor terms of five (5) years each (each a “**Successor Term**”) if we are still offering franchises in

your Territory and if you are in substantial compliance with the terms of this Agreement. The qualifications and conditions for the first Successor Term are described below. The qualifications and conditions for the second Successor Term will be described in the form of successor franchise agreement signed upon the expiration of this Agreement.

18.2 Conditions for a Successor Term. In order to be eligible for a Successor Term, you must meet the following conditions:

18.2.1 You must give us written notice of your election to remain a franchisee and continue to operate the Franchised Business at the Office Location for the first Successor Term at least six (6) months and no more than nine (9) months before the end of the Initial Term;

18.2.2 You must not be in default of this Agreement or any other agreement with us and/or our affiliates or suppliers, either at the time of giving the notice in Section 18.3.1 or during the remainder of the Initial Term;

18.2.3 If you entered into this Agreement through a Multi-Unit Development Agreement with us, you must have successfully opened all RMS Offices under that agreement in compliance with the applicable deadlines, or appropriate extensions approved by us, as set forth in that Agreement;

18.2.4 As determined by us in our sole discretion, you must have operated the Franchised Business and all of your other franchised RMS Offices in accordance with the applicable franchise agreements and with the System (as set forth in the Manual or otherwise and as revised from time to time by us);

18.2.5 You must present satisfactory evidence to us that you have the right to remain in possession of the Office Location, or other Office Location acceptable to us, for the Successor Term and all monetary obligations owed to your landlord, if any, must be current;

18.2.6 You must be operating the Franchised Business in full compliance with all federal, state and local laws and regulations and you must demonstrate that you are able to maintain all licenses and permits necessary to continue to operate the Franchised Business for the Successor Term;

18.2.7 You must agree to renovate and modernize the Franchised Business as we may reasonably require, which may include the purchase and installation of new equipment, signs, furnishings, fixtures, vehicles and vehicle wraps, and décor to reflect our then-current standards and image of RMS Offices; and

18.2.8 You must comply with our qualification and training requirements for new RMS Office franchisees.

18.3 Successor Franchise Agreement. If you are eligible and you elect to remain a franchisee for the first Successor Term, you and your owners must: (1) sign our then-current form of successor franchise agreement (modified as necessary to reflect the fact that it is a successor franchise agreement), which will supersede this Agreement in all respects and which may provide for higher fees, fees not included in this Agreement, and other terms and conditions materially different from the terms of this Agreement; (2) sign a general release, in a form we prescribe, of any and all claims against us, our affiliates, and their respective past and present officers, directors, shareholders, and employees, in their corporate and individual capacities; and (3) pay us a successor franchise fee in the amount of Three Thousand Five Hundred Dollars (\$3,500) ("**Successor Franchise Fee**"). Your failure to sign the successor franchise agreement and general release and return these documents to us with the Successor Franchise Fee prior to the expiration of the Initial Term will be deemed an election by you not to exercise your right to remain a franchisee for the Successor Term and will result in the expiration of this Agreement and the franchise granted by this Agreement at the end of the Initial Term.

## 19 DEFAULT AND TERMINATION

19.1 Termination without Notice. You will be deemed to be in default under this Agreement, and all rights granted to you in this Agreement will automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or is filed against you and not opposed by you; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law are instituted by or against you; if a final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Office Location or equipment of the Franchised Business is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

19.2 Termination without Cure Period. If any of the following events of default occurs, we may terminate this Agreement without providing you any opportunity to cure the default, effective immediately upon receipt of written notice by you:

19.2.1 You fail to meet the Site Acquisition Deadline or the Opening Deadline.

19.2.2 You cease to operate the Franchised Business during the days and hours specified in the Manual for a period in excess of three (3) consecutive business days or for five (5) individual business days within a twelve (12) month period, unless the closing is due to fire, flood, earthquake or other similar causes beyond your control or is approved in writing in advance by us.

19.2.3 You lose possession of the Office Location through your own fault or your failure to extend the Lease for the Office Location through the Initial Term or you relocate the Office Location without our prior written approval.

19.2.4 Your Managing Owner fails to satisfactorily complete the initial training program; you have on staff any person who does not meet all state or local requirements for certification or other requirements necessary for employment in the United States; or you fail or refuse to have the required number of your employees attend and successfully complete the training programs described in Section 6.

19.2.5 You, your owners, your employees or your independent contractors do business with third parties in violation of The Patriot Act and/or the Foreign Corrupt Practices Act.

19.2.6 You default on the terms of any indebtedness that results in the acceleration of the indebtedness with an outstanding principal amount of \$100,000 or more; there is a material loss or damage to any of your assets related to the Franchised Business that results in an aggregate loss (in excess of coverage) of \$100,000 or more; or there is an entry of a judgment against you involving aggregate liability (in excess of insurance coverage) of \$100,000 or more if such judgment remains unpaid or unsatisfied for a period of ten (10) or more days following entry of the judgment.

19.2.7 You fail to operate the Franchised Business in full compliance with federal, state and local laws and regulations or fail to cure such violations within fifteen (15) days of notification or such longer period if you are diligently working to cure the violation and the cure is not possible within such fifteen (15) day period.

19.2.8 There is a governmental action against you that, in our sole discretion, would adversely impact you or the System; or continuation of the business relationship between the parties would cause us to be in violation of any federal, state or local laws or regulations.

19.2.9 There is a material breach by you of any covenant or obligation under Section 15.

19.2.10 Any transfer that requires our prior written consent occurs without your having obtained that prior written consent;

19.2.11 You fail to dispose of an interest under Section 16.6 within six (6) months after the date of death or appointment of a personal representative or trustee;

19.2.12 We discover that you made a material misrepresentation in or omitted a material fact from the information that you provided to us in connection with our decision to enter into this Agreement.

19.2.13 You knowingly falsify any report required to be furnished to us or make any material misrepresentation in your dealings with us or fail to disclose any material facts to us.

19.2.14 You, your Managing Owner, Office Manager, or any of your 10% Owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect us, our affiliates or the System.

19.2.15 Your, your Managing Owner, Office Manager, or any of your 10% Owners (1) materially misuse or make unauthorized use of the Marks or trade dress, (2) commit any act or take any action that impairs the goodwill of the Marks, (3) use the trade dress or other proprietary System knowledge at any other location owned or operated by you or your 10% Owners; or (4) fail to cure any breach or default under this Agreement that materially impairs or can be expected to impair the goodwill associated with the Marks.

19.2.16 You understate the Gross Sales of the Franchised Business for any period by two percent (2%) or more three (3) or more times during any eighteen (18) month period, or by more than five percent (5%) on any one occasion.

19.2.17 You conceal revenue, taking for your own use employee taxes, FICA, insurance or benefits or any of our property.

19.2.18 You engage in any grey marketing activities where you take advantage of purchasing arrangements for RMS Offices and transfer products to any other business not operating under the System.

19.2.19 You interfere with our relations with third parties and our ability to operate, and/or grant franchises under, the System.

19.2.20 You fail to pay a financial obligation owed to any lender that has provided financing under an arrangement with us or any approved vendors and suppliers (which may include us and our affiliates) within five (5) days of the date on which we provide notice of delinquency.

19.2.21 You, Franchisee Affiliates, your Managing Owner, or any 10% Owner: (1) remain in default beyond the applicable cure period under any other agreement with us or our affiliates (provided that, if the default is not by you, we shall provide to you written notice of the default and a fifteen (15) day period to cure the default); (2) remain in default beyond the applicable cure period under any real estate lease, equipment lease, financing instrument or supplier contract relating to the Franchised Business; (3) fail to pay when due any taxes or assessments relating to the Franchised Business or its employees,

unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization.

19.2.22 You commit the same default of this Agreement within a thirty-six (36) month period.

19.2.23 You repeatedly fail to comply with one or more requirements of this Agreement, regardless of whether you have previously cured the default.

19.3 Emergency Closing. If we in good faith believe that you are using products or utilizing procedures at the Franchised Business that are unsafe to customers and/or employees, we have the right, without prior notice, to immediately close your Franchised Business until such time as the unsafe products or procedures are no longer served or used. You will have twenty-four (24) hours after the closing of the Franchised Business to prepare a written plan detailing the procedures that you will put in place to ensure that the unsafe practice has been fully remedied and will not recur. If you and we cannot agree on a plan, or if you intentionally fail to follow the plan agreed upon, then we will have the right to terminate this Agreement by written notice, with no further opportunity for you to cure the default.

#### 19.4 Termination Following Expiration of Cure Period

19.4.1 Except as otherwise provided above in Sections 19.1 and 19.2 above, if you fail to maintain or observe any of the standards or procedures prescribed by us in this Agreement, the Manual, or otherwise in writing, we may only terminate this Agreement by giving you written notice of termination (in the manner set forth under Section 24 below) stating the nature of the default at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof of the cure to us, all within the thirty (30) day period. If any such default is not cured within the specified time (or such longer period as applicable law may require), then this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

19.4.2 Notwithstanding the provisions of preceding Section 19.4.1, if you default in the payment of any monies owed to us when such monies become due and payable and you fail to pay such monies within ten (10) days after receiving written notice of default (or such longer period as applicable law may require), then this Agreement shall terminate without further notice to you effective immediately upon the expiration of the ten (10) day period or such longer period as applicable law may require.

19.4.3 In addition to the other provisions of this Section 19.4, if we reasonably determine that you become or will become unable to meet your obligations to us or our affiliates under this Agreement, we may provide you written notice to that effect and demand that you provide those assurances reasonably designated by us, which may include security or letters of credit for the payment of your obligations to us and our affiliates. If you fail to provide the assurances demanded by us within thirty (30) days after receipt of written notice from us, this Agreement shall terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing.

19.5 Termination Following Inspection. We will have the right to periodically conduct inspections of the Franchised Business to evaluate your compliance with the System and this Agreement. Following each inspection, we will provide you an inspection report listing your score on the inspection and those conditions at the Franchised Business that must be rectified. If you fail to achieve a passing score on an inspection, the inspection report shall constitute a notice of default. If you fail to achieve a passing score on the next inspection (which shall be conducted at least thirty (30) days after your receipt of the inspection report for the prior inspection), we may terminate this Agreement, without opportunity to cure, by providing you written notice of termination along with the inspection report.

19.6 Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

## **20 OBLIGATIONS UPON TERMINATION OR EXPIRATION**

20.1 Obligations. Except as provided in Section 20.2 below, upon termination or expiration of this Agreement:

20.1.1 You must immediately cease operating the Franchised Business;

20.1.2 You must promptly pay all sums owing to us and our affiliates. In the event of termination for your default, the sums will include all damages, costs, and expenses incurred by us as a result of the default, including, but not limited to, reasonable attorneys' fees. You must permit our access to, and examination of, books and records as provided in Section 12 to determine any amounts due;

20.1.3 You must promptly deliver to us the Manual and all other records, correspondence, and instructions in your possession or control, in any medium, that contain confidential information, trade secrets, or know-how relating to the System or the operation of a RMS Office, all of which are acknowledged to be our property. If you fail to return the Manual within five (5) days after expiration or termination of this Agreement, you must pay the replacement fee for the Manual as set forth in Section 7.1;

20.1.4 You must immediately cease to use the confidential methods, procedures, and techniques associated with the System, the Marks, the Works, and all other distinctive forms, customer contracts, slogans, signs, symbols, websites, domain names, e-mail addresses, telephone numbers, other electronic identifiers, and devices associated with the Franchised Business or the System; withdraw all advertising matter (including electronic marketing); remove the Marks from the Office Location and from clothing, signs, letterhead, materials, vehicles and other items owned or used by you in the operation of the Franchised Business. Except as provided in Section 20.2 below, you must not thereafter, directly or indirectly, represent yourself to the public or hold yourself out as a present or former franchisee of ours. If you fail to promptly make these alterations and modifications, we will have the right (at your expense, to be paid upon your receipt of an invoice from us) to do so without being guilty of trespass or other tort

20.1.5 You must immediately return all keys in your possession to customers of the Franchised Business (or if we request, to us), cease all communications with customers, provide to us copies of all customer contracts and any related information we request, and provide us with all other information and access necessary for us (or our designee) to continue servicing the customers and related business relationships.

20.1.6 You must promptly make such alterations and modifications to the Office Location as may be necessary to clearly distinguish to the public the Office Location from its former appearance as a RMS Office and also make those specific additional changes as we may request for that purpose. If you fail to promptly make these alterations and modifications, we will have the right (at your expense, to be paid upon your receipt of an invoice from us) to do so without being guilty of trespass or other tort.

20.1.7 You must take such action as may be necessary to cancel any assumed name registration or equivalent registration, and any e-mail address or domain name registration, obtained by you which contains "Regal Maid Service" or any other Marks, and furnish evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement. You hereby appoint us your attorney-in-fact to carry out the requirements of this Section 20.1.7, if you fail to do so within such five (5) day period.

20.1.8 You may not use any reproduction, counterfeit, copy, or colorable imitation of the Marks or the Works in connection with any other business which, in our sole discretion, is likely to cause confusion, mistake, or deception or to dilute our and our affiliates' rights in and to the Marks and the Works. You must not use any designation of origin or description or representation which, in our sole discretion, falsely suggests or represents an association or connection with us.

20.1.9 You must make a final transfer of data related to the Franchised Business to us and you may not retain or use any such data;

20.1.10 You must immediately take whatever action we may require to transfer and assign to us or our designee all telephone numbers, directory listings and related advertisements associated with the Marks. You acknowledge that we have the sole rights to and interest in all telephone numbers and directory listings associated with any Mark, and you authorize us to direct the telephone company and all listing agencies to transfer all telephone numbers and directory listings to us or our designee. If you fail or refuse to do so, the telephone company and all listing agencies may accept our direction as evidence of our exclusive rights in the telephone numbers and directory listings and our authority to direct the transfer. You agree to sign any written authorizations or pre-approved authorizations in the form prescribed by us directing the telephone company and any listing agencies to transfer all telephone numbers and directory listing to us or our designee upon the occurrence of any termination or expiration. You appoint us as your attorney-in-fact for this purpose. You acknowledge that this power is coupled with an interest, and is therefore irrevocable. You will use your best efforts to assist us and our designee in an orderly transfer of these matters.

20.1.11 You, your guarantors and all persons and entities subject to the covenants contained in Section 15 must continue to abide by those covenants and refrain from, directly or indirectly, taking any action that violates those covenants.

20.1.12 You must furnish to us, within thirty (30) days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by your Managing Owner) satisfactory to us of your compliance with Sections 20.1.1 through 20.1.8.

20.2 Our Rights to Acquire the Office Location and the Franchised Business Assets. Upon expiration or termination of this Agreement, at our option you must:

20.2.1 Provide us with a copy of each customer contract for the Franchised Business within three (3) days thereafter at no cost to us since the customer data is our property. We may assign this option to another person or entity. You agree to facilitate our conversations with such customers to ensure an orderly transition of the RMS Office operations.

20.2.2 Assign to us your interest in the Lease for the Office Location (or provide us with a commercially reasonable lease in the event you own the Office Location). If we elect not to exercise our option to acquire the Lease, you must make such modifications or alterations to the Office Location as may be necessary to comply with Section 20.1.5.

20.2.3 Sell to us such of the furnishings, equipment, vehicles, signs, and fixtures of the Franchised Business as we may designate, at fair market value, and such of the inventory and supplies of the Franchised Business as we may designate, at fair market wholesale value. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraiser will be appointed by us at our expense, and the appraiser's determination will be binding on both parties. If we exercise our option to purchase any items, we will have the right to set off all amounts due from you against any payment for such items.

20.2.4 We may exercise either or both of our options under Sections 20.2.1 and 20.2.2: (1) anytime in the six (6) month period before the expiration of the Initial Term, in the case of expiration of this Agreement; and (2) at any time between the date of delivery of written notice of termination and



ninety (90) days after the effective date of termination, in the case of termination of this Agreement. If we deem such action desirable in order to preserve the value of such options, we may issue to you, and you must comply with, written instructions to refrain from, delay, or reverse any of the actions required of you under Section 20.1.

### 20.3 Early Termination Damages

20.3.1 If you default on your obligations and we terminate this Agreement prior to the expiration of the Initial Term of this Agreement, it is hereby agreed by the parties that the amount of damages which we would incur for any such termination of this Agreement would be difficult, if not impossible, to accurately ascertain. Accordingly, within thirty (30) days following such termination, you and your owners shall pay to us an amount equal to the average Royalty Fees and Brand Fund contributions, that you owed for the twelve (12) month period prior to termination multiplied by the lesser of forty-eight (48) or the number of months (including any partial month) remaining in the Initial Term of this Agreement. These early termination damages shall constitute liquidated damages and are not to be construed as a penalty and shall be the joint and several liability of you and your owners.

20.3.2 The parties acknowledge and agree that: (1) the early termination damages are a reasonable estimation of the damages that would be incurred by us resulting from or arising out of the premature termination of this Agreement; and (2) your payment of such early termination damages is intended to fully compensate us only for any and all damages related to or arising out of the premature termination of this Agreement by us, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of our claim for other damages and/or equitable relief arising out of your breach of this Agreement. The imposition of early termination damages shall be at our option. We are not required to impose early termination damages and may, in addition or in lieu thereof, pursue other remedies available to us under the terms and conditions of this Agreement, in equity or at law in the event of your default under this Agreement, including, without limitation, actual damages incurred by us, if such can be ascertained. All such remedies shall be cumulative and non-exclusive.

20.4 Our Costs and Expenses. You agree to pay us all damages, costs, and expenses (including, but not limited to, reasonable attorneys' fees) we incur in obtaining injunctive, declaratory, or other relief to enforce this Section 20.

## 21 **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

21.1 Independent Contractor. This Agreement does not create a fiduciary relationship between you and us. You are an independent contractor, and nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. While this Agreement is in effect, you must hold yourself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement from us. This Agreement does not authorize you to make any contract, agreement, warranty, or representation on our behalf or to incur any debt or other obligation in our name. We will not be deemed liable as a result of any such action, nor will we be liable by reason of your act or omission in the operation of the Franchised Business, or for any claim or judgment arising therefrom against you or us.

### 21.2 Indemnification

21.2.1 You and your 10% Owners will defend, indemnify and hold harmless, us and our parent, affiliates, subsidiaries and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, "**Indemnified Parties**") from and against all Losses (as defined below) which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought by a third party and directly or indirectly arising out of your development and operation of the Franchised Business, your conduct of business under this Agreement, your breach of this Agreement or your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation including any allegation that we or another

Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. We will promptly notify you of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice will not release you from your indemnification obligations under this section except to the extent you are actually and materially prejudiced by such failure.

21.2.2 You will have the right, upon written notice delivered to the Indemnified Party within fifteen (15) days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (1) the Indemnified Party will have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to you and, in the reasonable opinion of the Indemnified Party, your counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with your interests, or (2) you do not assume responsibility for such Losses in a timely manner or you fail to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and you will pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or you, whichever is not assuming the defense of such claim, will have the right to participate in such claim and to retain its own counsel at such party's own expense.

21.2.3 You or the Indemnified Party (as the case may be) will keep you or the Indemnified Party (as the case may be) reasonably apprised of, and will respond to any reasonable requests concerning, the status of the defense of any claim and will cooperate in good faith with each other with respect to the defense of any such claim. You will not, without the prior written consent of the Indemnified Party, (1) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (2) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by you. No claim that is being defended in good faith by you in accordance with the terms of this section will be settled by the Indemnified Party without your prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Marks, you agree that we will have the exclusive right to assume the defense of such claim, at your expense with counsel selected by us, but reasonably satisfactory to you.

21.2.4 You have no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions.

21.2.5 For purposes of this Section 21.2, "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution.

21.2.6 Your obligations in this Section 21.2 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this Section 21.2. You agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 21.2.

## **22 APPROVALS AND WAIVERS**

22.1 Approvals. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us, and our approval or consent must be obtained in writing and signed by one of our officers.

22.2 No Warranty. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

22.3 No Implied Waiver. No delay or failure by us to exercise any right reserved to us under this Agreement or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, will constitute a waiver of our right to exercise such right or to demand exact compliance by you with any of the terms hereof. Waiver by us of any particular default by you will not affect or impair our rights with respect to any subsequent default of the same, similar, or a different nature. Acceptance by us of any payments due to us hereunder will not be deemed to be a waiver by us of any preceding breach by you.

## **23 FORCE MAJEURE**

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure that cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. Your inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

## **24 NOTICES**

All notices pursuant to this Agreement must be in writing and delivered in person or sent by personal delivery, by next day delivery service, by electronic means, or by certified mail, return receipt requested, to the respective parties at the addresses shown on the signature page of this Agreement (unless and until a different address has been designated by written notice to the other party). Any notices sent by personal delivery, next day delivery service or by electronic means shall be deemed given on the next business day after transmittal. Any notices sent by certified mail shall be deemed given on the third business day after the date of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days prior written notice of such change to the other party. We may provide you with routine information, invoices, updates to the Manual, System standards and other System requirements and programs, including any modifications thereto, by regular mail or by e-mail, or by making such information available to you on the internet, an extranet, or other electronic means.

## **25 ENTIRE AGREEMENT**

The parties acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Manual, and the attachments to this Agreement, constitute the entire, full and complete agreement between the parties concerning your rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and in the attachments. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Subject to our rights to modify the Manual, the System standards and the System, and our right to modify Exhibit A to reflect the Office

Location pursuant to Section 3.3 or as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in our Franchise Disclosure Document that we provided to you.

## **26 DISPUTES**

26.1 Non-Binding Mediation. The parties agree that either party may submit any claim, controversy, or dispute arising out of this Agreement to non-binding mediation, provided the parties shall not be required to pursue mediation of any claim, controversy, or dispute as a prerequisite to filing a lawsuit or commencing other legal proceedings, and the pendency of a mediation shall not cause any legal proceedings to be stayed pending the outcome of the mediation. Any such non-binding mediation shall be conducted in the county where our principal offices are located when the claim is submitted to mediation through either an individual mediator or a mediation services organization, provided the mediator shall be experienced in the mediation of franchise disputes and agreed upon by the parties.

26.2 Choice of Law. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflicts of laws principles. Nothing in this Section 26.2 is intended, or shall be deemed, to make any Florida law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

26.3 Choice of Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, you must file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed, in the jurisdiction where you reside or do business, where the Territory is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

26.4 Limitations of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to you) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

26.5 Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, during, in preparation for, or in contemplation of the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

26.6 Rights of Parties are Cumulative. The parties' rights under this Agreement are cumulative, and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement to exercise or enforce.

26.7 WAIVER OF PUNITIVE DAMAGES, CLASS ACTION LAWSUITS AND JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY WAIVES ANY RIGHT TO, OR CLAIM FOR, ANY CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY. THE PARTIES ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY

MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ACTUAL DAMAGES, IF ANY. IN ADDITION, THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS AND THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, AND/OR COUNTERCLAIM BROUGHT BY EITHER PARTY.

26.8 Injunctive Relief. You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, the failure to comply fully with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us shall be in addition to, and not in lieu of, all remedies and rights that we otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

## **27 SEVERABILITY AND CONSTRUCTION**

27.1 Severability. If any provision of this Agreement is determined to be invalid or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, the invalidity will not impair the operation of any other provisions which remain otherwise intelligible. The latter will continue to be given full force and effect, and the invalid provisions will be deemed not to be a part of this Agreement.

27.2 Counterparts. This Agreement may be signed in counterparts, and signature pages may be exchanged by fax or scanned PDF, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one complete Agreement

27.3 Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

27.4 Captions. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

27.5 Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

27.6 Survival of Obligations. All obligations that expressly or by reasonable implication are to be performed, in whole or in part, after the expiration, termination, or assignment of this Agreement will survive expiration, termination, or assignment.

27.7 No Implied Third Party Beneficiaries. Except as explicitly provided to the contrary herein, nothing in this Agreement is intended or will be deemed to confer any rights or remedies on any person or legal entity other than you, your owner(s), us, and our affiliates.

27.8 References. Each reference in this Agreement to a corporation or partnership also shall be deemed to refer to a limited liability company and any other entity or organization similar thereto if applicable. Each reference to the organizational documents, owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto if applicable.

27.9 Lesser Included Obligations. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from (1) striking any portion of a provision that a court or agency may hold to be unreasonable and unenforceable; or (2) reducing the scope of any promise or covenant to the extent required to comply with a court or agency order.

27.10 Best Interests of System. Whenever we exercise a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly provided in this Agreement, we can make our decision or exercise our discretion on the basis of our judgment of what is in our best interests. "Best interests" includes what we believe to be the best interests of the System at the time the decision is made or the right or discretion is exercised, even though (1) there may have been other alternative decisions or actions that could have been taken; (2) our decision or the action taken promotes our own financial interest; or (3) our decision or the action may apply differently to different franchisees and/or to any RMS Offices that we or our affiliates operate. In the absence of an applicable statute, we will have no liability to you for any such decision or action. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

## **28 REPRESENTATIONS AND ACKNOWLEDGMENTS**

You represent, acknowledge and warrant to us (and you agree that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

28.1 Our Agreements with Third Parties. We have entered, and will continue to enter, into agreements with other franchisees to operate RMS Offices. The manner in which we enforce our rights and the franchisees' obligations under any of those other agreements shall not affect our ability to enforce our rights or your obligations under this Agreement.

28.2 System Modifications. We may change or modify the System, from time to time, including the Manual, and you will be required to make such expenditures as such changes or modifications in the System may require.

28.3 Franchise Application. All information that you provided to us in connection with your franchise application and our grant of this Franchise is truthful, complete and accurate.

28.4 Signatories to this Agreement. The persons signing this Agreement on your behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties. Your execution of this Agreement or such other agreements does not and will not conflict or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which you or any Principal is a party.

28.5 No Actual or Apparent Authority. Even though this Agreement contains provisions requiring you to operate the Franchised Business in compliance with the System: (1) we and our affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of your business or employment decisions; and (2) the parties do not intend for us or our affiliates to incur any liability in connection with or arising from any aspect of the System or your use of the System, whether or not in accordance with the requirements of the Manual, except with respect to any liability arising from our gross negligence or willful misconduct.

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

**THE ROYAL MAID ENTERPRISES, INC.**

**FRANCHISEE: If a corporation, partnership, or limited liability company, print name of business entity on the line below:**

\_\_\_\_\_

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

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

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

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

Notice Address: 58 N Charles Richard Blvd.,  
Suite F  
Debary, FL 32713  
Attn: Chief Executive Officer

Notice Address: \_\_\_\_\_  
\_\_\_\_\_

**EFFECTIVE DATE:** \_\_\_\_\_

**If Franchisee is one or more individuals:**

\_\_\_\_\_

(Print Name) \_\_\_\_\_

\_\_\_\_\_

(Print Name) \_\_\_\_\_

Notice Address: \_\_\_\_\_

\_\_\_\_\_

## EXHIBIT A TO REGAL MAID SERVICE FRANCHISE AGREEMENT

### FRANCHISE INFORMATION

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

**Office Location:** \_\_\_\_\_

NOTE: If a particular site has not been selected and accepted at the time of the signing this Agreement, after we accept the site for your Office, the specific address of that site will automatically become the Office Location in this *Exhibit A*.

**Territory (Zip Codes):** \_\_\_\_\_

**Initial Franchise Fee:** \$\_\_\_\_\_ (\$30,000 plus \$0.75 x \_\_\_\_\_ Qualified Households in the Territory)

**Fees Due Upon Signing this Agreement:**

Initial Franchise Fee	\$_____
Webpage Setup Fee	\$1,500
<b>Total</b>	\$_____

INITIAL

The Royal Maid Enterprises, Inc.: \_\_\_\_\_

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



## EXHIBIT B TO REGAL MAID SERVICE FRANCHISE AGREEMENT

### OWNERSHIP INFORMATION

**Corporate Franchisee.** Franchisee is a corporation formed on \_\_\_\_\_ in the state of \_\_\_\_\_. The number of authorized shares of Franchisee that have been issued is \_\_\_\_\_ and the name, address, number of shares owned (legally or beneficially) and office held by each shareholder is as follows:

Name	Address	No. of Shares	Office Held

**Limited Liability Company Franchisee.** Franchisee is a limited liability company formed on \_\_\_\_\_ in the state of \_\_\_\_\_. The name, address and percentage interest of each member is as follows:

Name	Address	Percentage Interest

**Other Business Entity Franchisee.** If Franchisee is some other business entity, the type of business entity and the name, address and ownership interest (including for a limited partnership, whether a general or limited partner) of each owner is as follows:

Type of Business Entity: \_\_\_\_\_  
Date and State of Formation: \_\_\_\_\_

Name	Address	Ownership Interest

**Continuity Group.** Franchisee's Continuity Group shall be comprised of the following persons: \_\_\_\_\_

**Managing Owner.** Franchisee's Managing Owner is: \_\_\_\_\_

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

By: \_\_\_\_\_  
Print name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT C TO REGAL MAID SERVICE FRANCHISE AGREEMENT

### GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement dated as of \_\_\_\_\_ ("Agreement") by **THE ROYAL MAID ENTERPRISES, INC.** ("Franchisor"), entered into with \_\_\_\_\_ ("Franchisee"), the undersigned ("Guarantors"), each of whom is an officer, director, member of Franchisee's Continuity Group or a 10% Owner, or the spouse thereof, hereby personally and unconditionally agree as follows:

**1. Guarantee To Be Bound By Certain Obligations.** Guarantors hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that each will be personally bound by the covenants and restrictions contained in Section 15 (Covenants) of the Agreement.

**2. Guarantee and Assumption of Franchisee's Obligations.** Guarantors hereby: (1) guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that Franchisee and any assignee of Franchisee's interest under the Agreement shall: (a) punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (b) punctually pay all other monies owed to Franchisor and/or its affiliates; (2) agree to be personally bound by each and every provision in the Agreement, including, without limitation, the provisions of Sections 15 (Covenants) and 21.2 (Indemnification); and (3) agree to be personally liable for the breach of each and every provision in the Agreement.

**3. General Terms and Conditions.** The following general terms and conditions shall apply to this Guarantee:

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right s/he may have to require that an action be brought against Franchisee or any other person as a condition of liability; (5) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guarantee by the undersigned; (6) any law or statute which requires that Franchisor make demand upon, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; (7) any and all other notices and legal or equitable defenses to which he may be entitled; and (8) any and all right to have any legal action under this Guarantee decided by a jury.

Each of the undersigned consents and agrees that: (1) her/his direct and immediate liability under this Guarantee shall be joint and several; (2) s/he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Franchisee to Franchisor or its affiliates under the Agreement; and (5) monies received from any source by Franchisor for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Franchisor. In addition, if any of the undersigned ceases to be a member of the Continuity Group, a 10% Owner, an officer or director of Franchisee or own

any interest in Franchisee or the Franchised Business, that person (and his spouse, if the spouse is also a guarantor) agrees that the obligations under this Guarantee shall continue to remain in force and effect unless Franchisor in its sole discretion, in writing, releases those person(s) from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 15.2 (Restrictions on Competition) of the Agreement shall remain in force and effect for a period of two (2) years after any such release by Franchisor. A release by Franchisor of any of the undersigned shall not affect the obligations of any other Guarantor.

If Franchisor brings an action to enforce this Guarantee in a judicial proceeding or arbitration, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If Franchisor utilizes legal counsel (including in-house counsel employed by Franchisor or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

If any of the following events occur, a default ("**Default**") under this Guarantee shall exist: (1) failure of timely payment or performance of the obligations under this Guarantee; (2) breach of any agreement or representation contained or referred to in this Guarantee; (3) the dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or (4) the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice. Upon the death of one of the undersigned, the estate shall be bound by this Guarantee for all obligations existing at the time of death. The obligations of the surviving Guarantors shall continue in full force and effect.

This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Franchisor's interests in and rights under this Guarantee are freely assignable, in whole or in part, by Franchisor. Any assignment shall not release the undersigned from this Guarantee.

Section 26 (Disputes) of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

*[Signatures follow on next page.]*

**IN WITNESS WHEREOF**, each of the undersigned has hereunto affixed his signature, under seal.

**GUARANTORS:**

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

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

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

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

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

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

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

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

## EXHIBIT D TO REGAL MAID SERVICE FRANCHISE AGREEMENT

### FORM OF LEASE ADDENDUM

**THIS ADDENDUM** is executed as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ (“**Franchisee**”) and \_\_\_\_\_ (“**Landlord**”), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein, (“**Lease**”) for the premises located at \_\_\_\_\_, State of \_\_\_\_\_ (“**Office Location**”) dated as of \_\_\_\_\_, \_\_\_\_.

Franchisee has entered into a RMS Office Franchise Agreement (“Franchise Agreement”) with THE ROYAL MAID ENTERPRISES, INC. (“Franchisor”) for the development and operation of a RMS Office at the Office Location, and as a requirement thereof, the lease for the Office Location must contain the provisions contained in this Addendum.

Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease.

**NOW THEREFORE**, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.
2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal; (b) Franchisor has exercised its option to acquire the Office Location under the Franchise Agreement; and (c) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.
3. Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.
4. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.
5. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above.
6. If Franchisor assumes the Lease, Landlord may not impose or assess any assignment fee or similar charge or accelerate rent due under the Lease in connection with the assignment. Franchisor may, without Landlord's prior consent, further assign the Lease to a franchisee of Franchisor to operate the RMS Office at the Office Location provided that the following criteria are met: (a) Franchisor has an established franchising program for RMS Offices; and (b) the proposed franchisee has met all of Franchisor's applicable program criteria and requirements and has executed Franchisor's standard franchise agreement. Landlord agrees to execute such further documentation to confirm its consent to the assignment permitted under this Addendum as Franchisor may reasonably request. Upon such assignment to a franchisee of Franchisor, Franchisor shall be released from any further liability under the terms and conditions of the Lease.

7. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Office Location for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Office Location as a RMS Office. Landlord agrees to permit Franchisor, its employees or agent, to enter the Office Location and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Office Location as a result thereof.
8. Landlord and Franchisee agree that if Landlord is an affiliate or an owner of Franchisee and Landlord proposes to sell the Office Location, prior to the sale of the Office Location, the Lease upon the request of Franchisor shall be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the RMS Office is located.
9. Landlord agrees that during and after the term of the Lease, it will not disclose or use Franchisor's Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease. "**Confidential Information**" as used herein shall mean all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Franchisee or Franchisor to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Office Location, including, without limitation, all trade secrets, trade dress, manner of operation, suppliers, vendors, and all other products, goods, and services used, useful or provided by or for Franchisee at the Office Location. Landlord acknowledges that all Confidential Information belongs exclusively to Franchisor. Landlord agrees that should it breach or threaten to breach this provision of this Addendum, Franchisor will suffer irreparable damages and Franchisor's remedy at law will be inadequate. Therefore, if Landlord threatens or actually breaches this provision, Franchisor shall be entitled to all remedies available to Franchisor at law or in equity, including, without limitation, injunctive relief.
10. Landlord agrees that: (a) Franchisor has solely granted to Franchisee the right to use Franchisor's proprietary trade name, trademarks, service marks logos, insignias, slogans, emblems, symbols, designs and indicia of origin (collectively the "**Marks**") at the Office Location under the terms of the Franchise Agreement; and (b) Franchisor has not granted any rights or privileges to Landlord to use the Marks at the Office Location or anywhere else; and (c) Landlord's unauthorized use of the Marks during or after the term of the Lease shall cause irreparable harm to Franchisor and Franchisor's remedy at law will be inadequate. Therefore, if Landlord threatens or actually breaches this provision, Franchisor shall be entitled to all remedies available to Franchisor at law or in equity, including, without limitation, injunctive relief.
11. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.
12. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at 58 N Charles Richard Beall Blvd., Suite F, Debary, FL 32713 (Attn: Legal Department), or such other address as Franchisor shall specify by written notice to Landlord.
13. Under the Franchise Agreement, any lease for the location of a RMS Office is subject to Franchisor's approval with regards to the terms and conditions that affect Franchisor, and Franchisor expressly disclaims any other connotations either expressed or implied as to the other terms and conditions set forth in the Lease that are negotiated between Landlord and Franchisee. Accordingly, the Lease is contingent upon such approval, and Franchisor shall provide written notice to Landlord and Franchisee to evidence such approval, as applicable.

WITNESS the execution hereof under seal.

LANDLORD:

FRANCHISEE:

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_  
day of \_\_\_\_\_, \_\_\_\_.

Subscribed and sworn to before me this \_\_\_\_ day of  
\_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

My Commission expires: \_\_\_\_\_

**EXHIBIT E TO REGAL MAID SERVICE FRANCHISE AGREEMENT**  
**FORM OF NON-DISCLOSURE AND NON-COMPETITION AGREEMENT**

*(to be signed by Franchisee and its personnel)*

**THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT** (this “**Agreement**”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“**Franchisee**”), and \_\_\_\_\_, who is an owner, manager, supervisor, member, partner, or a person in a managerial position with, Franchisee (the “**Member**”).

**RECITALS:**

**WHEREAS**, The Royal Maid Enterprises Inc. (“**Franchisor**”) owns a format and system (the “**System**”) relating to the establishment and operation of residential cleaning businesses offer consumers high quality and reliable residential cleaning services in a professional manner (each, a “**RMS Office**”);

**WHEREAS**, Franchisor identifies RMS Offices by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the mark “Regal Maid Service”, and such other trade names, service marks, and trademarks as Franchisor may hereafter designate for use in connection with the System (the “**Marks**”);

**WHEREAS**, Franchisor and Franchisee have executed a Franchise Agreement dated as of \_\_\_\_\_ (“**Franchise Agreement**”) granting Franchisee the right to operate a RMS Office (the “**Business**”) located at \_\_\_\_\_ (the “**Office Location**”) within the following geographic area: \_\_\_\_\_ (the “**Territory**”) and to use the Marks in connection therewith under the terms and conditions of the Franchise Agreement;

**WHEREAS**, Member, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

**NOW THEREFORE, IN CONSIDERATION** of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

**1. Confidential Information.** Member shall not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of Franchisee's operation under the terms of the Franchise Agreement. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Member can demonstrate came to his or her attention before disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

**2. Covenants Not to Compete.**

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of his/her position with Franchisee, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.



(b) Member covenants and agrees that during the term of the Franchise Agreement and Member's employment with, or ownership interest in Franchisee, except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(1) Own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to or have any interest in, either directly or indirectly, any business that offers residential or commercial cleaning services or maid services ("**Competing Business**"). During the term of the Franchise Agreement and Member's employment with, or ownership interest in Franchisee, there is no geographical limitation on this restriction; or

(2) Divert or attempt to divert any present or prospective business or customer to any Competing Business by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any Competing Business which business is, or is intended to be, located: (1) within the Territory plus the area formed by extending the boundary of the Territory by ten (10) miles in any direction; or (2) within the territory assigned to any then-existing RMS Office, plus the area formed by extending the boundaries of that territory by ten (10) miles in any direction. As used in this Agreement, the term "**Post-Term Period**" shall mean a continuous uninterrupted period of two (2) years from the date of: (1) a transfer as contemplated under Section 16 of the Franchise Agreement; (2) expiration or termination of the Franchise Agreement (regardless of the cause for termination); (3) termination of Member's employment with Franchisee; and/or (4) a final order of a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Agreement; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity).

**3. Injunctive Relief.** Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

**4. Severability.** All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then Member agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, Member agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid.

**5. Delay.** No delay or failure by Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

**6. Third-Party Beneficiary.** Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

**IN WITNESS WHEREOF**, Franchisee and Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

**FRANCHISEE**

**MEMBER**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

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

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

**EXHIBIT F TO REGAL MAID SERVICE FRANCHISE AGREEMENT**

**ACH AUTHORIZATION FORM**

**OFFICE LOCATION:** \_\_\_\_\_

**DEPOSITOR (NAME OR LEGAL ENTITY):** \_\_\_\_\_

The undersigned depositor ("Depositor") hereby authorizes The Royal Maid Enterprises, Inc. ("RMS") to initiate debit entries and credit correction entries to Depositor's checking or savings account indicated below and Depositor hereby authorizes the depository designated below ("Bank") to debit or credit such account pursuant to RMS' instructions. This authorization is to remain in full force and effect until 60 days after RMS has received written notification from Depositor of its termination.

**DEPOSITOR INFORMATION**

<b>Depositor Name:</b>
<b>Mailing Address:</b>
<b>City/ State/ Zip Code:</b>
<b>Telephone:</b>
<b>Email:</b>

**DEBITING BANK ACCOUNT INFORMATION**

<b>Bank Name:</b>
<b>City / State / Zip Code:</b>
<b>Branch:</b>
<b>Account Number to Debit:</b>
<b>Routing Number (9 digit #):</b>
<b>Account Name:</b>

The undersigned representative of Depositor represents and warrants to RMS and the Bank that the person executing this ACH Authorization Form is an authorized signatory on the account referenced above and all information regarding the account is true and accurate.

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

Print Name: \_\_\_\_\_

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

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

**EXHIBIT C**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**

**REGAL MAID SERVICE  
MULTI-UNIT DEVELOPMENT AGREEMENT**

Development Agreement Number:

Developer:

Development Area:

Effective Date:

# REGAL MAID SERVICE MULTI-UNIT DEVELOPMENT AGREEMENT

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## EXHIBITS

- A - DEVELOPMENT INFORMATION
- B - OWNERSHIP INFORMATION
- C - FORM OF CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

## REGAL MAID SERVICE MULTI-UNIT DEVELOPMENT AGREEMENT

**THIS AGREEMENT** is entered into by and between **THE ROYAL MAID ENTERPRISES, INC.**, a Florida corporation (“**we**”, “**us**” or “**Franchisor**”) and the person(s) or entity identified on Exhibit A to this Agreement (“**you**” or “**Franchisee**”) as of the Effective Date (as indicated on the signature page of this Agreement).

### BACKGROUND

A. We and our affiliates have developed a system relating to the establishment and operation of businesses that offer consumers high quality and reliable residential cleaning services in a professional manner (the “**System**”).

B. The distinguishing characteristics of the System include our trade secrets and other intellectual property, brand standards, cleaning methods, policies and procedures for the selection of cleaning supplies and equipment, pricing guidelines, training programs and materials, service quality and customer satisfaction standards and programs, community involvement activities, technology systems and assistance with advertising, promotion, public relations, and social media programs; our operations manual and system standards, and marketing, advertising, publicity, public relations and other promotional materials and programs; all of which we may change, improve, and further develop from time to time.

C. We and our affiliates identify the System and the businesses operating under it (“**RMS Offices**”) by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the mark, “Regal Maid Service” and such other trade names, service marks, and trademarks as we may designate in the future for use in connection with the System (the “**Marks**”).

D. You desire to be granted the opportunity, and we desire to grant to you the right, to develop a specified number of franchised RMS Offices (collectively, the “**Franchised Businesses**” and individually, a “**Franchised Business**”) within a specified geographic area.

In recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and they agree as follows:

### 1 GRANT

1.1 Current Franchise Agreement. Prior to or simultaneously with signing this Agreement, we and you (or your Controlled Affiliate) signed Regal Maid Service Franchise Agreement referenced on Exhibit A, a fully executed copy of which is attached as Exhibit D (“**Current Franchise Agreement**”) pursuant to which you (or such Controlled Affiliate) will operate a Franchised Business. All capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Current Franchise Agreement. A “**Controlled Affiliate**” means any corporation, limited liability company or other entity of which you or one or more of your owners owns more than fifty percent (50%) of the total authorized ownership interests, as long as you or such owner(s) have the right to control the entity’s management and policies.

1.2 Development Rights. We hereby grant to you (and/or any of your approved Controlled Affiliates), subject to the terms and conditions set forth in this Agreement, the right to develop Franchised Businesses at specific locations to be designated in separate Regal Maid Service Franchise Agreements (each a “**Franchise Agreement**”) pursuant to the schedule set forth in Exhibit A to this Agreement (the “**Development Schedule**”). Each Franchised Business developed pursuant to this Agreement shall be located within the area designated on Exhibit A (the “**Development Area**”). This Agreement is not a Franchise Agreement. It does not give you the right to operate RMS Offices or use the System. This Agreement only gives you the opportunity to enter into Franchise Agreements for the operation of Franchised Businesses in the

Development Area. Each Franchised Business developed pursuant to this Agreement shall be established and operated in strict accordance with a separate Franchise Agreement. You have no right to use the Marks in connection with any business other than a Franchised Business operating under a license contained in a Franchise Agreement. We and our affiliates retain all rights not granted by this Agreement.

1.3 Limited Exclusivity. During the term of this Agreement, we and our affiliates will not operate, or license others to operate, any new RMS Office that provides residential cleaning services to customers in the Development Area, provided that you are in compliance with the terms of this Agreement and any other agreements with us and our affiliates and you are current on all obligations due to us and our affiliates. This Section 1.3 does not prohibit us and our affiliates, from: (1) operating, and licensing others to operate, RMS Offices in the Development Area that are open and operating or under development as of the Effective Date; (2) during the term of this Agreement, operating, and licensing others to operate, RMS Offices at any location outside the Development Area; (3) after this Agreement terminates or expires, operating, and licensing others to operate, RMS Offices at any location. You acknowledge that the development rights granted under this Agreement are non-exclusive and that, except as expressly provided in this Section 1.3, you have no exclusive territorial rights, protected territory or other right to exclude, control or impose conditions on the location or development of RMS Offices under the Marks, on any sales or distribution of products under the Marks, or on our (and our affiliates') business activities.

1.4 Reservation of Rights. Notwithstanding the limited exclusivity provided to you in the Development Area in Section 1.3, we reserve the right to: (1) distribute products and supplies identified by the Marks in the Development Area through any method or channel of distribution other than through the operation of a residential cleaning business; (2) distribute products and supplies identified by the Marks through other channels of distribution, including the internet, wholesale, mail order and catalog; (3) operate, and license others to operate, at any location, including locations inside the Development Area, during or after the term of this Agreement, any type of cleaning business identified in whole or in part by the Marks other than a residential cleaning business including, but not limited to, commercial cleaning businesses and businesses that clean products such as carpets, tile, decks, furniture, and vehicles; (4) develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and (5) purchase, be purchased by, merge or combine with, businesses that directly compete with RMS Offices. We reserve all rights to use and license the System and the Marks other than those expressly granted under this Agreement.

1.5 No Subfranchising Rights. This Agreement does not give you any right to franchise or subfranchise others to operate RMS Offices. Only you (and/or your Controlled Affiliates) may develop, open, and operate the Franchised Businesses contemplated by this Agreement and only pursuant to signed Franchise Agreements. Although you may reference your rights and obligations under this Agreement in discussions with landlords, employees, and others with whom you may deal in connection with the Franchised Businesses, this Agreement does not grant you any rights to use, or authorize others to use, the Marks in any manner. Your right to use the Marks arises only under the Franchise Agreements. We or our affiliates own all rights to the Marks and your use of the Marks in any way, other than pursuant to signed Franchise Agreements, is an infringement of our (and our affiliates') rights and a breach of this Agreement.

1.6 Forms of Agreement. You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and our affiliates and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

1.7 Best Efforts. You agree that you will at all times faithfully, honestly and diligently perform your obligations under this Agreement, that you will continuously exert your best efforts to the development of the Franchised Businesses, and that you will not engage in any other business or activity that may conflict with your obligations under this Agreement, except the operation of the Franchised Businesses.



## 2 FEES

2.1 Development Fee. When you sign this Agreement, you must pay us a development fee for each Franchised Business that you agree to develop in the Development Schedule as set forth in Exhibit A (the "**Development Fee**"). The Development Fee is fully earned by us when this Agreement is signed and is non-refundable even if you fail to develop any Franchised Businesses according to the Development Schedule.

2.2 Initial Franchise Fees. The schedule of initial franchise fees that you will pay under the Current Franchise Agreement and subsequent Franchise Agreements is set forth on Exhibit A. We will apply the Development Fee paid for each Franchised Business to each of the initial franchise fees payable under the Current Franchise Agreement and the additional Franchise Agreements signed pursuant to this Agreement. You and your Controlled Affiliates must pay the balance of the initial franchise fee payable under the Current Franchise Agreement and each additional Franchise Agreement when you or they sign the applicable Franchise Agreement.

## 3 DEVELOPMENT SCHEDULE

### 3.1 Development Schedule

3.1.1 To maintain your rights under this Agreement, you (and/or your Controlled Affiliates) must: (1) sign a Franchise Agreement for each of the agreed-upon number of Franchised Businesses by the dates specified in the Development Schedule, and (2) have open and operating within the Development Area the agreed-upon number of Franchised Businesses by the dates specified in the Development Schedule. You (or a Controlled Affiliate) will operate each Franchised Business under a separate Franchise Agreement with us. The Franchise Agreement that you (or your Controlled Affiliate) will sign for each Franchised Business will be our then current form of Franchise Agreement any or all of the terms of which may differ substantially from the terms contained in the Current Franchise Agreement, except that the initial franchise fee will reflect the fee structure set forth in Exhibit A. To retain your rights under this Agreement, you must operate each Franchised Business that you open pursuant to this Agreement continuously throughout this Agreement's term in full compliance with the applicable Franchise Agreement.

3.1.2 Before executing any binding letter of intent, lease, purchase agreement or other document by which you would commit to occupy or acquire a facility from which you will operate a Franchised Business that you develop under this Agreement (an "**Office**"), you must execute and deliver to us copies of our then-current standard form of Franchise Agreement with respect to such Franchised Business (unless the Franchised Business is the first Franchised Business that you develop under this Agreement, which will operate under the Current Franchise Agreement), pay the initial franchise fee to us in accordance with the terms of such Franchise Agreement, and we must countersign such Franchise Agreement.

### 3.2 Site Selection

3.2.1 We will provide you with general site selection criteria for RMS Offices and, as you may request, a reasonable amount of consultation with respect to the site selection process. You will be solely responsible for locating and obtaining a suitable site for each Office, which we have the right to accept. Before entering into a lease agreement or other binding agreement to acquire the proposed site, you must: submit to us information regarding the proposed site according to our system standards or as we reasonably request; and verify to us in writing that the proposed site meets our site selection criteria. We will then accept or reject the proposed site within fifteen (15) days. If we reject the proposed site, you must select an alternate site and repeat the site selection process until we have approved a proposed site for your Office. You acknowledge and agree that our acceptance of a site does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for an RMS Office or for any other purpose. Our approval of the site indicates only that we believe that a site falls within our acceptable site selection criteria as of that time.

3.2.2 You agree that our acceptance of an Office site and any information communicated to you regarding our site selection criteria for is based solely on your own independent investigation of the suitability of that site. We assume no liability or responsibility for: (1) evaluation of the soil of the site for hazardous substances; (2) inspection of any structure at the site for asbestos or other toxic or hazardous materials; (3) compliance with the Americans with Disabilities Act; or (4) compliance with any other applicable law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that the site and any structures on the site is free from environmental contamination and in compliance with the requirements of the Americans with Disabilities Act.

## 4 YOUR ORGANIZATION AND MANAGEMENT

### 4.1 Your Organization

4.1.1 If you are a business entity such as a corporation, a limited liability company or a partnership, you make the following representations and warranties: (1) you are duly organized and validly existing under the laws of the state of your formation; (2) you are qualified to do business in the state or states in which the Development Area is located; (3) execution of this Agreement and the development and operation of the Franchised Businesses is permitted by your governing documents; and (4) unless waived in writing by us, your Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that your activities are limited exclusively to the development and operation of RMS Offices.

4.1.2 If you are an individual, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (1) each individual has executed this Agreement; (2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (3) notwithstanding any transfer to a business entity, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.

4.2 Ownership Interests and Continuity Group. If you are a business entity, all interests in you are owned as set forth in attached Exhibit B. You must comply with Section 6 prior to any change in ownership interests and must sign addenda to Exhibit B as changes occur in order to ensure the information contained in Exhibit B is true, accurate and complete at all times. Exhibit B also lists those persons who comprise your "**Continuity Group**." The parties acknowledge and agree that it is their intent that the members of the Continuity Group include the Managing Owner (as defined in Section 4.4) and: (1) all holders of a legal or beneficial interest of ten percent (10%) or more ("**10% Owners**") in your entity; (2) if you are a limited partnership, all 10% Owners of your general partner; and (3) all 10% Owners of a corporation or limited liability company that owns a controlling interest in your entity. In the event of any change in the Continuity Group or in the ownership interests of any member of the Continuity Group, you must sign addenda to Exhibit B to reflect the change. If you are a corporation, the Continuity Group shall at all times own at least fifty-one percent (51%) of your voting securities; if you are a limited liability company, the Continuity Group shall at all times own at least fifty-one percent (51%) of your membership interests; and if you are any other type of business entity, the Continuity Group shall at all times have at least a fifty-one percent (51%) interest in your operating profits and losses and hold at least fifty-one percent (51%) of your ownership interests.

4.3 Governing Documents. Upon request by us, you shall promptly deliver to us, as applicable, true and complete copies of the articles or certificate of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to your ownership, organization, capitalization, management and control and all amendments thereto. When any of these governing documents are modified or changed, you promptly shall provide copies to us. If you are a corporation, you shall maintain stop-transfer instructions against the transfer on the records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by Regal Maid Service Multi-Unit Development Agreement and Franchise Agreement(s) to which the corporation is a party." If you are a publicly held corporation, these requirements shall apply only to the

stock owned by your Continuity Group. If you are a limited liability company, each membership or management certificate shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by Regal Maid Service Multi-Unit Development Agreement and Franchise Agreement(s) to which the limited liability company is a party." If you are a partnership, your written partnership agreement shall provide that ownership of an interest in the partnership is held, and that further assignment or transfer thereof, is subject to all restrictions imposed on assignment by this Agreement.

4.4 Managing Owner. You must designate one of your owners as your Managing Owner who will be the person with whom we communicate and whom will have the authority to bind you with respect to all financial, operational and legal matters related to the development of the Franchised Businesses and this Agreement. The Managing Owner must be approved by us. The Managing Owner may also serve as a Multi-Unit Manager and/or your Training Director (each as defined below). You must designate a replacement approved by us within thirty (30) days after your Managing Owner ceases to qualify as the Managing Owner. Your replacement must successfully complete the RMS training program within thirty (30) days of their appointment as your Managing Owner. Your designee to become the Managing Owner must satisfy the criteria set forth in this Section 4.4 and be approved by us.

4.5 Training Director. Prior to opening your first Franchised Business, you must appoint a Training Director who will train your Franchised Business managers and staff. The Training Director must be approved by us and must successfully complete the RMS training program and any ongoing training requirements that we specify. You must designate a replacement approved by us within thirty (30) days after your Training Director ceases to qualify as a Training Director. Your replacement must successfully complete the RMS training program within thirty (30) days of their appointment as your Training Director.

4.6 Multi-Unit Manager. You must designate and retain an individual to serve as the Multi-Unit Manager. The Multi-Unit Manager must meet all of the following qualifications:

4.6.1 The Multi-Unit Manager must devote full time and best efforts to supervising the development and operation of the Franchised Businesses and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations under this Agreement and the Franchise Agreements for the Franchised Businesses. You agree to provide us with an executed copy of any arrangement, agreement or contract, and all amendments thereto, between you and your Multi-Unit Manager related to the development and operation of the Franchised Businesses.

4.6.2 The Multi-Unit Manager shall successfully complete the RMS training program and any additional training that we require in the Franchise Agreements. We must have approved the Multi-Unit Manager and not have later withdrawn that approval. If the Multi-Unit Manager no longer qualifies as such, you shall designate a replacement approved by us within thirty (30) days after the date the prior Multi-Unit Manager ceases to be qualified. Your replacement must successfully complete the RMS training program within thirty (30) days of their appointment as your Multi-Unit Manager.

## **5 COVENANTS**

### **5.1 Confidentiality**

5.1.1 You acknowledge and agree that: (1) we own all right, title and interest in and to the System; (2) the System includes trade secrets and confidential and proprietary information and know-how that gives us a competitive advantage; (3) we have taken all measures appropriate to protect the trade secrets and the confidentiality of the proprietary information and know-how of the System; (4) all material or other information now or hereafter provided or disclosed to you regarding the System is disclosed in confidence; (5) you have no right to disclose any part of the System to anyone who is not your employee; (6) you will disclose to your employees only those parts of the System that an employee needs to know; (7) you will have a system in place to ensure that your employees keep confidential our trade secrets and confidential and proprietary information, and, if requested by us, you shall obtain from

those of your employees designated by us an executed confidentiality and non-disclosure agreement in the form prescribed by us; (8) by entering into this Agreement, you do not acquire any ownership interest in the System; and (9) your use or duplication of the System or any part of the System in any other business, or disclosure of any part of the System to others for use or duplication in any other business, would constitute an unfair method of competition, for which we would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

5.1.2 You shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, cleaning methods, techniques and other data that we or our affiliates designate as confidential shall be deemed confidential for purposes of this Agreement.

## 5.2 Restrictions On Competition

5.2.1 You acknowledge and agree that: (1) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and other confidential information from us and/or our affiliates regarding the development and operation of RMS Offices, product preparation and sale, cleaning services, market and operations research, advertising and marketing plans and strategies, purchasing, sales and marketing methods and techniques owned by us and our affiliates; (2) the know-how regarding the System and the opportunities, associations and experience acquired by you pursuant to this Agreement are of substantial value; (3) in developing the System, we and our affiliates have made substantial investments of time, effort, and money; (4) we would be unable adequately to protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among operators of RMS Offices if franchisees were permitted to engage in the activities described in this Section 5.2 or to hold interests in the businesses described in this Section 5.2; and (5) the restrictions on your right to hold interests in, or perform services for, the businesses described in this Section 5.2 will not unduly limit your activities.

5.2.2 You covenant and agree that, except as we otherwise approve in writing, during the term of this Agreement, and for a continuous period of two (2) years following the expiration, transfer or termination of this Agreement, you will not, either directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person or legal entity:

5.2.2.1 Own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to or have any interest in, either directly or indirectly, any business that offers residential or commercial cleaning services or maid services ("**Competing Business**"). During the term of this Agreement, there is no geographical limitation on this restriction. Following the expiration, transfer or termination of this Agreement, this restriction shall apply to any Competing Business offering services to customers located within the Development Area, within ten (10) miles of the border of the Development Area, or within the territory assigned to any then-existing RMS Office, plus the area formed by extending the boundaries of that territory by ten (10) miles in all directions; or

5.2.2.2 Divert or attempt to divert any present or prospective business or customer to any Competing Business by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

5.3 Exception for Publicly Traded Stock. The restrictions contained in Section 5.2 will not apply to ownership by you of less than a five percent (5%) beneficial interest in the equity securities of any publicly-held corporation.

5.4 Owners and Employees. At our request, you must obtain signed agreements similar in substance to this Section 5 (including agreements applicable upon termination of a person's relationship with you) from any: (1) individual who attends the RMS training program; and (2) your officers, directors, and owners. Each agreement required by this Section 5.4 must be in a form we approve and specifically identify us as a third party beneficiary with the independent right to enforce the agreement. Our current form of Non-Disclosure and Non-Competition Agreement is attached to this Agreement as Exhibit C.

#### 5.5 Enforcement

5.5.1 We have the right, in our sole discretion, to reduce the scope of any restriction in Section 5.2 by giving you written notice and you agree to comply with any covenant so modified, which shall be fully enforceable notwithstanding the provisions of Section 9.

5.5.2 You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 5.

5.5.3 You acknowledge that your violation of the terms of this Section 5 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Section 5. Injunctive relief will be in addition to any other remedies we may have.

5.5.4 If you or any other person bound by this Section 5 fails or refuses to abide by any of the foregoing restrictions on competition, and we obtain enforcement in a judicial proceeding, the obligations under the breached restriction will continue in effect for a period ending two (2) years after the date the person begins to comply with the order enforcing the restriction.

### 6 **TRANSFER**

6.1 By Us. We have the right to transfer or assign this Agreement or any part of our rights or obligations under this Agreement to any person or legal entity. You agree that we will have no liability after the effective date of the transfer or assignment for the performance of any obligations under this Agreement. You acknowledge that we can sell our assets; sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

6.2 By You. You acknowledge that the rights and duties set forth in this Agreement are personal to you and that we have granted these rights in reliance on your business skill, financial capacity, and personal character (or, if you are a business entity, on the business skill, financial capacity, and personal character of your owners and management). Accordingly, neither you nor any immediate or remote successor to any interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in you, will sell, assign, transfer, convey, pledge, encumber or give away any direct or indirect interest in you or in this Agreement without our prior written consent, which will not be unreasonably withheld. You must (i) notify us in writing of any proposed transfer at least thirty (30) days before the transfer is to take place ("Transfer Notice"), (ii) pay the nonrefundable transfer fee described below in subsection 6.4.8, and (iii) provide all information and documentation relating to the proposed transfer that we reasonably request. Notwithstanding the foregoing, you may grant a security interest in, or otherwise encumber certain assets of the Franchised Businesses, excluding the Franchise Agreements, in connection with obtaining financing for the development and/or operation of the Franchised Businesses or equipment leasing, if such financing satisfies our requirements, which may include, without limitation, execution of agreements by us, you and your owners and your secured creditor, in a form satisfactory to us, acknowledging such creditor's obligations to be bound by the terms of this Section 6.

6.3 Our Right of First Refusal. We have the right, exercisable within thirty (30) days after receipt of a written request for our approval of a proposed transfer pursuant to this Section 6 (other than a

transfer to immediate family members of your owners who meet our operational and financial criteria for new franchisees), to purchase the interest proposed to be transferred. The request for approval of transfer must include a true and complete copy of the term sheet, letter of intent, proposed purchase agreement, assignment document, or any other document necessary to implement the transfer, and not be subject to financing or any other contingencies. Our thirty (30) day period for determining whether or not to exercise our right of first refusal will not begin until the transferor has provided all information and documentation that we require in a form and substance satisfactory to us. We may assign this right of first refusal to a third party in our sole discretion. If we desire to exercise our right of first refusal, we will do so by providing written notice (the “**Purchase Notice**”) to the transferor, as follows:

6.3.1 If the transfer is proposed to be made pursuant to a sale, we may purchase the interest proposed to be transferred on the same financial terms and conditions offered by the third party. Closing on our purchase will occur within sixty (60) days after the date of the transferor’s receipt of the Purchase Notice. If the consideration, terms, and/or conditions offered by the third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If, within thirty (30) days of the transferor’s receipt of the Purchase Notice the parties cannot agree as to the reasonable equivalent in cash consideration, an independent appraiser will be appointed by mutual agreement and the determination of the appraiser will be binding. Any material change in the terms of the offer from a third party after we have elected not to purchase the interest sought to be transferred will constitute a new offer subject to the same rights of first refusal by us as in the case of the third party’s initial offer.

6.3.2 If the transfer is proposed to be made by gift, you and we will jointly designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within forty-five (45) days after our notice to the transferor of the appraiser’s determination of fair market value.

6.3.3 Our failure to exercise our right of first refusal shall not constitute approval of the proposed transfer nor a waiver of any other provision of this Section 6 with respect to a proposed transfer. If we do not exercise our right of first refusal, you or your owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to our consent to the transfer as provided in Section 6.2, provided that if the sale to such offeror is not completed within sixty (60) days after receipt of our notice of our decision not to exercise our right of first refusal, or if there is a material change in the terms of the offer, you must promptly notify us, and we will have an additional right of first refusal (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30) day period following your notification of the expiration of the sixty (60) day period or the material change to the terms of the offer.

6.4 Conditions of Our Consent. If we elect not to exercise our right of first refusal under Section 6.3, the proposed transferor may complete the transfer after obtaining our written consent as required under Section 6.2. We may withhold our consent on any reasonable grounds, or may give our consent subject to reasonable conditions, which may include, but are not limited to, the following:

6.4.1 That all of your accrued monetary obligations to us and our affiliates (whether arising under this Agreement or otherwise) and all other outstanding obligations related to the Franchised Businesses (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in our reasonable judgment, adequately provided for. We reserve the right to require that a reasonable sum of money be placed in escrow to ensure that all of these obligations are satisfied;

6.4.2 That you are not then in material default of any provision of this Agreement or any other agreement between you (and/or your Controlled Affiliates) and us (and/or our affiliates), you and your Controlled Affiliates are in good standing as a franchisee with us and our affiliates, are not in default beyond the applicable cure period under any real estate lease, equipment lease or financing

instrument relating to any Franchised Business and are not in default beyond the applicable cure period with any vendor or supplier to any Franchised Business;

6.4.3 That the sales price shall not be so high, in our reasonable judgment, as to jeopardize the ability of the transferee to develop, maintain, operate and promote the Franchised Businesses and meet financial obligations to us, third party suppliers and creditors. Our decision with respect to a proposed transfer shall not create any liability on the part of us: (1) to the transferee, if we approve the transfer and the transferee experiences financial difficulties; or (2) to the transferor or the proposed transferee, if we reject the transfer pursuant to this Section 6 or for other legitimate business purposes. We, without any liability to the transferor or the proposed transferee, have the right, in our sole discretion, to communicate and counsel with the transferor, you, and the proposed transferee regarding any aspect of the proposed transfer;

6.4.4 That the transferor executes a general release, in a form satisfactory to us, of any and all claims against us, our affiliates, and their respective past, present, and future officers, directors, shareholders, and employees, in their corporate and individual capacities;

6.4.5 That the transferee (and if the transferee is a corporation, partnership, or limited liability company, such owners of a beneficial interest in the transferee as we may request) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement; or, at our option, enter into our then current form of Development Agreement;

6.4.6 If the transferee is an existing RMS developer or franchisee, that the transferee is not in default under its agreements with us, its landlords, lenders and its suppliers and has a good record of customer service and compliance with our operating standards;

6.4.7 That the transferee, whether or not an existing RMS developer or franchisee, demonstrates to our satisfaction that he or she meets (or, if the transferee is a business entity, that its owners and management team meet) our educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise); has the ability to obtain all required licenses and permits to develop and operate the Franchised Businesses; and has adequate financial resources and capital to fulfill your obligations under this Agreement in a timely manner; and

6.4.8 That the transferor pays a transfer fee in the amount of Three Thousand Five Hundred Dollars (\$3,500) for each development option remaining under this Agreement or such greater amount as is required to reimburse us for our reasonable expenses associated with reviewing the application for transfer including legal and accounting fees. If the transaction involves one or more Franchise Agreements in addition to this Agreement, the transferor must also pay the transfer fee specified in each Franchise Agreement in the transaction.

6.5 Transfers to an Entity Wholly Owned by You. If you desire to transfer this Agreement to a corporation or limited liability wholly owned by you, the requirements of Section 6.2 shall apply to such a transfer; however, you will not be required to pay a transfer fee. Our consent also will be conditioned on the following: (1) the entity must be newly organized; (2) prior to the transfer, we must receive a copy of the documents specified in Section 4.3 and the transferee shall comply with the remaining provisions of Section 6; and (3) you must own all voting securities of the newly formed corporation (or membership interests of the newly formed limited liability company) or, if you are owned by more than one individual, each person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the transfer.

6.6 Death, Incapacity or Bankruptcy. If you or any owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a

bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 6, as applicable; however, you will not be required to pay a transfer fee. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (1) for a period of thirty (30) or more consecutive days, or (2) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of transfer set forth in Section 6.4, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement. If an interest is not disposed of under this Section 6.6 within six (6) months after the date of death or appointment of a personal representative or trustee, we can terminate this Agreement under Section 7.2.

6.7 Private Securities Offering. If you or any owner desires to offer securities in an offering that does not require registration under any federal or state securities law, the offering will be subject to all of the conditions of this Section 6, including our right of first refusal. All materials required for the offering by federal or state law must be submitted to us for review and consent before use. No offering may imply, by use of the Marks or otherwise, that we are participating in underwriting, issuing, or offering the securities. Our review of the offering materials will be limited solely to the subject of the relationship between you and us. All participants in the offering must fully indemnify us in connection with the offering. For each proposed offering, we may require you to pay, in addition to the transfer fee under Section 6.4, a non-refundable fee of up to Ten Thousand Dollars (\$10,000) to reimburse us for our costs and expenses associated with reviewing the proposed offering. You must give us written notice at least thirty (30) days before the commencement date of any offering for which we have completed our review and any consent of the offering materials.

6.8 Nonconforming Transfers Void. Any purported assignment or transfer that is not in compliance with this Section 6 will be null and void and will constitute a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure pursuant to Section 7.2 below. Our consent to a transfer will not constitute a waiver of any claims we may have against the transferor, nor will it be deemed a waiver of our right to demand exact compliance by the transferor, transferee or you with any of the terms of this Agreement.

## **7 TERM AND TERMINATION**

7.1 Term. The term of this Agreement begins on the Effective Date and expires on the earlier of the date that you open the final Franchised Business to be developed under this Agreement or the opening deadline for that business as set forth in the Development Schedule.

7.2 Termination. We may terminate this Agreement and your right to develop Franchised Businesses within the Development Area (other than those Franchised Businesses for which we and you (or your Controlled Affiliates) already have signed Franchise Agreements) at any time, effective upon delivery to you of written notice of termination, if:

7.2.1 You fail to satisfy your development obligations under the Development Schedule or any other obligation under this Agreement, which defaults you have no right to cure;

7.2.2 You fail to pay when due any amount owed to us or our affiliates, any lender that has provided financing under an arrangement with us, any creditor or supplier of a Franchised Business or any taxing authority for federal state or local taxes (other than amounts being bona fide disputed through appropriate proceedings), and you do not correct such failure within ten (10) days after written notice is delivered to you;

7.2.3 Any breach or event of default occurs under the Current Franchise Agreement or any Franchise Agreement between us and you (or your Controlled Affiliates) which permits us to terminate such agreement, regardless of whether we in fact terminate the agreement; or



7.2.4 We terminate the Current Franchise Agreement or any other Franchise Agreement between us and you (or your Controlled Affiliates) for a Franchised Business, regardless of where it is located, in compliance with its terms.

7.3 Other Remedies Upon Default.

7.3.1 In addition to and without limiting our other rights and remedies under this Agreement, upon the occurrence of any of the events that give rise to our right to terminate this Agreement, we may, at our sole option and upon delivery of written notice to you, elect to take any or all of the following actions without terminating this Agreement:

7.3.1.1 temporarily suspend your rights to develop additional Franchised Businesses in any part of the Development Area;

7.3.1.2 temporarily or permanently reduce the size of the Development Area, in which event the restrictions on us and our affiliates under Section 1.3 will not apply in the territory which is no longer part of the Development Area and we and our affiliates may engage, and authorize third parties to engage, in any business activities we or they deem appropriate, whether under the Marks or other trademarks, within that territory, including establishing and operating (and granting rights to others to establish and operate) RMS Offices located in that territory; and/or

7.3.1.3 extend the time of the Development Schedule for any period of time that we determine.

7.3.2 Our exercise of our rights under this Section 7.3 will not be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement. Our exercise of these rights will not constitute an actual or constructive termination of this Agreement, nor will it be our sole or exclusive remedy for your default. If we exercise any of our rights under this Section 7.3, we may thereafter terminate this Agreement without providing you any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction.

7.4 Effect of Expiration or Termination. Upon expiration or termination of this Agreement (regardless of the reason for termination):

7.4.1 Any and all rights granted to you under this Agreement will immediately terminate; however, you will not be relieved of any of your obligations, debts or liabilities under this Agreement, including, without limitation, any debts, obligations or liabilities which have accrued before such termination.

7.4.2 You and your Controlled Affiliates will have no further rights to develop and open Franchised Businesses in the Development Area, except that you (and your Controlled Affiliates) may develop and open any Franchised Businesses for which you (or your Controlled Affiliates) have executed Franchise Agreements prior to the date of expiration or termination of this Agreement and continue to operate Franchised Businesses that are open and operating as of the date this Agreement expires or terminates.

7.4.3 We and our affiliates will have the right to operate, and authorize others to operate, RMS Offices located within the Development Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Development Area without any restrictions whatsoever, subject only to your (and/or your Controlled Affiliates') rights under existing Franchise Agreements.

7.4.4 We will retain the Development Fee payable pursuant to Section 2.1 of this Agreement.

7.5 No Waiver. Termination of this Agreement by us shall not constitute an election of remedies by us. The exercise of the rights granted under this Section 7 are in addition to, and not in lieu of, any and all other rights and remedies available to us at law, in equity or otherwise, including without limitation the right to an injunction as set forth in Section 5.5.3, all of which are cumulative.

## **8 INCORPORATION OF OTHER TERMS**

Sections 21 (Independent Contractor and Indemnification), 22 (Approval and Waivers), 23 (Force Majeure), 24 (Notices), 26 (Disputes), and 27 (Severability and Construction) of the Current Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of this Agreement and our and your relationship as if fully restated within the text of this Agreement.

## **9 ENTIRE AGREEMENT**

The parties acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the incorporated sections of the Current Franchise Agreement, and the attachments to this Agreement, constitute the entire, full and complete agreement between the parties concerning the matters covered in this Agreement, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and in the attachments. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in our Franchise Disclosure Document that we provided to you.

[Signature Page Follows.]

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

**THE ROYAL MAID ENTERPRISES, INC.**

**DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below:**

\_\_\_\_\_

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

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

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

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

Notice Address: 58 N Charles Richard Beall Blvd.  
Suite F  
Debary, FL 32713  
Attn: Chief Executive Officer

Notice Address: \_\_\_\_\_  
\_\_\_\_\_

**EFFECTIVE DATE:** \_\_\_\_\_

**If Developer is one or more individuals:**

\_\_\_\_\_

(Print Name) \_\_\_\_\_

\_\_\_\_\_

(Print Name) \_\_\_\_\_

Notice Address: \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT A TO REGAL MAID SERVICE MULTI-UNIT DEVELOPMENT AGREEMENT**

**DEVELOPMENT INFORMATION**

1. **Developer:** \_\_\_\_\_
2. **Effective Date of the Current Franchise Agreement:** \_\_\_\_\_
3. **Development Area:** \_\_\_\_\_  
\_\_\_\_\_
4. **Development Schedule:** You agree to sign Franchise Agreements for and to open \_\_\_\_\_ (\_\_) new Franchised Businesses within the Development Area (including the Franchised Business governed by the Current Franchise Agreement) according to the following Schedule:

<b>Franchise Agreement To Be Executed By (Date)</b>	<b>Franchised Business Opening Deadline</b>	<b>Cumulative Minimum Number Of New Franchised Businesses To Be Open And Operating No Later Than the Opening Deadline (in Previous Column)</b>

5. **Development Fees and Initial Franchise Fees.** The Development Fees and Initial Franchise Fees owed for each Franchised Business are set forth in the table below. The total Development Fees due under this Agreement are: \$ \_\_\_\_\_.

<b>Franchised Business No.</b>	<b>Development Fee</b>	<b>Initial Franchise Fees Due</b>
1	\$30,000	\$30,000 plus \$0.75 for each Qualified Household
2	\$15,000	\$15,000 plus \$0.60 for each Qualified Household
3 (and additional)	\$7,500	\$7,500 plus \$0.50 for each Qualified Household

\* A Qualified Household means a household with an annual household income of at least \$75,000 according to the most recent US Census or other similar data source that we select.

INITIAL

The Royal Maid Enterprises, Inc.: \_\_\_\_\_

Developer: \_\_\_\_\_

**EXHIBIT B TO REGAL MAID SERVICE MULTI-UNIT DEVELOPMENT AGREEMENT**

**OWNERSHIP INTERESTS**

**Corporate Developer.** If Developer is a corporation, the number of authorized shares of Developer that have been issued is \_\_\_\_\_ and the name, address, number of shares owned (legally or beneficially) and office held by each shareholder is as follows:

Name	Address	No. of Shares	Office Held

**Limited Liability Company Developer.** If Developer is a limited liability company, the name, address and percentage interest of each member is as follows:

Name	Address	Percentage Interest

**Other Business Entity Developer.** If Developer is some other business entity, the type of business entity and the name, address and ownership interest (including for a limited partnership, whether a general or limited partner) of each owner is as follows:

Type of Business Entity: \_\_\_\_\_  
Date and State of Formation: \_\_\_\_\_

Name	Address	Ownership Interest

**Continuity Group.** Developer's Continuity Group shall be comprised of the following persons: \_\_\_\_\_  
\_\_\_\_\_

**Managing Owner.** Developer's Managing Owner is: \_\_\_\_\_

**DEVELOPER:** \_\_\_\_\_

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

Print name: \_\_\_\_\_

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

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

## EXHIBIT C TO REGAL MAID SERVICE MULTI-UNIT DEVELOPMENT AGREEMENT

### FORM OF NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

*(to be signed by Developer and its personnel)*

**THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT** (this “**Agreement**”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“**Developer**”), and \_\_\_\_\_, who is an owner, manager, supervisor, member, partner, or a person in a managerial position with, Developer (the “**Member**”).

#### **RECITALS:**

**WHEREAS**, The Royal Maid Enterprises Inc. (“**Franchisor**”) owns a format and system (the “**System**”) relating to the establishment and operation of residential cleaning businesses that offer consumers high quality and reliable residential cleaning services in a professional manner (each, an “**RMS Office**”);

**WHEREAS**, Franchisor identifies RMS Offices by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the mark “Regal Maid Service”, and such other trade names, service marks, and trademarks as Franchisor may hereafter designate for use in connection with the System (the “**Marks**”);

**WHEREAS**, Franchisor and Developer have executed an Multi-Unit Development Agreement (“**Development Agreement**”) granting Developer the right to develop franchised RMS Offices (the “**Franchised Businesses**”) located within the Development Area described in the Development Agreement under the terms and conditions of the Development Agreement;

**WHEREAS**, the Member, by virtue of his or her position with Developer, will gain access to certain of Franchisor’s Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Developer is bound by.

**NOW THEREFORE, IN CONSIDERATION** of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

**1. Confidential Information.** Member shall not, during the term of the Development Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of Developer’s operation under the terms of the Development Agreement. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Member can demonstrate came to his or her attention before disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Developer, had become or later becomes a part of the public domain, through publication or communication by others.

**2. Covenants Not to Compete.**

(a) Member specifically acknowledges that, pursuant to the Development Agreement, and by virtue of his/her position with Developer, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of Member's employment with, or ownership interest in Developer, except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(1) Own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to or have any interest in, either directly or indirectly, any business that offers residential or commercial cleaning services or maid services ("**Competing Business**"). During the term of the Development Agreement and Member's employment with, or ownership interest in Developer, there is no geographical limitation on this restriction; or

(2) Divert or attempt to divert any present or prospective business or customer to any Competing Business by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any Competing Business which business is, or is intended to be, located: (1) within the Development Area plus the area formed by extending the boundary of the Development Area by ten (10) miles in any direction; or (2) within the territory assigned to any then-existing RMS Office, plus the area formed by extending the boundaries of that territory by ten (10) miles in any direction. As used in this Agreement, the term "**Post-Term Period**" shall mean a continuous uninterrupted period of two (2) years from the date of: (1) a transfer as contemplated under Section 6 of the Development Agreement; (2) expiration or termination of the Development Agreement (regardless of the cause for termination); (3) termination of Member's employment with Developer; and/or (4) a final order of a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Agreement; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity).

**3. Injunctive Relief.** Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

**4. Severability.** All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then Member agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, Member agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid.

**5. Delay.** No delay or failure by Franchisor or Developer to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

**6. Third-Party Beneficiary.** Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Developer.

**IN WITNESS WHEREOF**, Developer and Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

**DEVELOPER**

**MEMBER**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

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

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



**EXHIBIT D TO REGAL MAID SERVICE MULTI-UNIT DEVELOPMENT AGREEMENT**

**ATTACH COPY OF FULLY EXECUTED CURRENT FRANCHISE AGREEMENT**

**EXHIBIT D**  
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**EXHIBIT E**  
**LIST OF FRANCHISEES**

**LIST OF AFFILIATE-OWNED RMS OFFICES**  
**(as of December 31, 2024)**

None

**LIST OF FRANCHISED RMS OFFICES**  
**(as of December 31, 2024)**

<b>Affiliate</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
JMH Alliance LLC	210 Dahlonga St. #102B	Cumming	GA	30040	678-771-5497
Whinsdelph Enterprises LLC	8738 Quarry Road #201	Manassas	VA	20110	571-292-1071
White Rose LLC	21580 Atlantic Blvd. Suite 100A	Sterling	VA	20166	703-796-6243

**LIST OF FRANCHISEES WHO HAVE SIGNED FRANCHISE**  
**AGREEMENTS BUT RMS OFFICES ARE NOT YET OPEN**  
**(as of December 31, 2024)**

None

**LIST OF FRANCHISEES WHO HAVE SIGNED A DEVELOPMENT AGREEMENT**  
**(as of December 31, 2024)**

None

**LIST OF FRANCHISEES WHO WERE TERMINATED OR WHO CLOSED OR**  
**TRANSFERRED AN RMS OFFICE IN 2023 OR WITHIN 10 WEEKS OF**  
**THE ISSUANCE DATE OF THE FDD**  
**(as of December 31, 2024)**

None

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**EXHIBIT F**  
**FINANCIAL STATEMENTS**



# THE ROYAL MAID ENTERPRISES, INC

INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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**ZADOYEN INCOME TAX, INC.**  
**SERGEY SHAPIRO, CPA**  
**17337 VENTURA BLVD., SUITE 100**  
**ENCINO, CA 91316**  
**(818) 990-6785 TEL**  
**(818) 990-1844 FAX**

**Tax Preparation**  
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**IRS Controversy / Audits**  
**Financial Aid Consulting**  
**Realtor & Mortgage Loan**  
**Insurance Services**

## **Independent Auditor's Report**

June 30, 2025

To The Board of Directors and Stockholders  
Of The Royal Maid Enterprises, Inc

### **Opinion**

We have audited the accompanying financial statements of The Royal Maid Enterprises, Inc. (a Florida corporation), which comprise the balance sheet as of December 31, 2024, and the related statements of income, retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Royal Maid Enterprises, Inc. as of December 31, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Royal Maid Enterprise's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

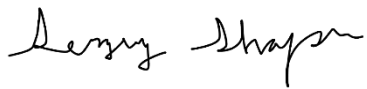
Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Royal Maid Enterprise's ability to continue as a going concern for a reasonable period of time.

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

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operating Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read "Sergey Shapiro", written over a horizontal line.

Sergey Shapiro, CPA

OHIO LICENCE: CPA.45122

CTEC: A312195

# THE ROYAL MAID ENTERPRISES, INC.

## BALANCE SHEETS AS OF DECEMBER 31, 2024

<u>Assets</u>	<u>2024</u>
Current assets	
Cash	\$ 129,600
Estimated income taxes receivable	--
Due from related parties	<u>55,788</u>
Total current assets	185,288
Property and equipment	
Property and equipment	25,657
Less accumulated depreciation and amortization	<u>(10,512)</u>
Net property and equipment	<u>15,145</u>
Other assets	
Goodwill, net	<u>395,000</u>
Total Assets	<u>\$ 595,533</u>
<u>Liabilities and stockholders' equity</u>	
Current liabilities	
Accounts payable and accrued expenses	\$ 3,750
Deferred franchise fee revenue	--
Income tax liability	<u>12,228</u>
Total current liabilities	<u>15,978</u>
Long-term liabilities	
Deferred tax liability	33,122
EIDL loan	42,900
Truist loan	<u>--</u>
	<u>76,022</u>
Stockholders' equity	
Common stock, \$1.00 par value, 2,500 shares authorized, issued and outstanding	2,500
Paid-in surplus	392,500
Retained earnings	<u>108,533</u>
Total stockholders' equity	<u>503,533</u>
Total liabilities and stockholders' equity	<u>\$ 595,533</u>

See independent auditor's report and notes to the financial statements.

# THE ROYAL MAID ENTERPRISES, INC.

## STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2024

	<u>2024</u>
Revenues	
Royalties	\$ 119,600
Franchise sales and transfers	<u>--</u>
Total revenues	119,600
Costs and expenses	
Advertising and promotion	10,575
Depreciation and amortization	1,067
Rent expense	10,598
Operating expenses	<u>30,775</u>
Total costs and expenses	<u>53,015</u>
Income from operations	<u>66,585</u>
Other income (expenses)	
Interest, net	(888)
Other, net	<u>--</u>
Total other income (expenses)	<u>(888)</u>
Income before income taxes	65,697
Income tax expense	<u>3,200</u>
Net income	<u>\$ 62,497</u>

See independent auditor's report and notes to the financial statements.

THE ROYAL MAID ENTERPRISES, INC.  
STATEMENTS OF RETAINED EARNINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024

	<u>2024</u>
Retained earnings, beginning	\$ 89,567
Net income	62,497
Dividends paid	<u>(20,000)</u>
Retained earnings, ending	<u>\$ 132,064</u>

See independent auditor's report and notes to the financial statements.



# THE ROYAL MAID ENTERPRISES, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024

	<u>2024</u>
Cash flows from operating activities	
Net Income	\$ 62,497
Adjustments to reconcile net income to cash provided by operating activities	
Depreciation and amortization	1,067
Gain or loss on the sale of assets	--
Changes in assets and liabilities:	
(Increase) decrease in other current assets	877
Increase (decrease) in current liabilities	1,009
Increase (decrease) in current and deferred income tax liability	<u>10,255</u>
Net cash provided by operating activities	<u>75,705</u>
Cash flows from investing activities	
Loan repayment (advances) from (to) related parties	--
Proceeds from sale of fixed asset	--
Purchase of fixed asset	--
Proceeds from borrowing	--
Payments on borrowing	<u>--</u>
Net cash used by investing activities	<u>--</u>
Cash flows from financing activities	
Dividends paid	<u>(20,000)</u>
	(20,000)
Net increase (decrease) in cash	55,705
Cash, beginning	<u>129,600</u>
Cash, ending	<u>\$ 185,305</u>
Supplemental disclosure of cash flow information	
Interest paid	\$ 888

See independent auditor's report and notes to the financial statements.

# THE ROYAL MAID ENTERPRISES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

### Note 1 - Organization

The Royal Maid Enterprises, Inc. (the Company), was incorporated in the state of Florida on July 31, 1995. The Company's principal business activity, the franchising of residential cleaning and maid services, is conducted primarily in the Mid-Atlantic States.

### Note 2 - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

### Note 3 - Summary of Significant Accounting Policies

*Revenue Recognition* – In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2020, the first day of the Company's fiscal year, using the full retrospective method. As part of the adoption of the ASU, the Company elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the company used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when the Company expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) the company has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price. The majority of the Company's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Company's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients. The adoption of this ASU did not have a significant impact on the Company's financial statements. The majority of the Company's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Company's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

See independent auditor's report.

**THE ROYAL MAID ENTERPRISES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2024**

Note 3 – Summary of Significant Accounting Policies, continued

Accounts Receivable – Accounts receivable are reported at their gross value, less an allowance for doubtful accounts as deemed necessary. Under the allowance method, receivables deemed uncollectible are applied to the allowance throughout the year. The allowance is adjusted at December 31<sup>st</sup> for management's estimate of future bad debt expense. A provision for uncollectible accounts was established at December 31, 2024 in the amount of \$0.

Property and Equipment – The Company's property and equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

Depreciation is computed for financial statement purposes on a straight-line basis over the estimated useful lives of the related assets. For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system.

Income Taxes – The Company files its income tax return as an S Corporation. A provision for income tax will be accrued and paid as profits are realized.

Deferred income taxes result from timing differences between income tax and financial reporting recognition of gains or losses on disposal of fixed assets, depreciation and amortization on the Company's property and equipment and intangible assets and other timing differences.

Goodwill – Goodwill represents the excess of the cost of assets acquired over their fair value at date of acquisition. The Company evaluates goodwill for impairment at least annually.

Concentration of Credit Risk – The Company maintains its cash in bank accounts at quality financial institutions. The balances, at times, may exceed federally insured limits. A depositor within the company exceeded federally insured limits by \$0 as of December 31, 2024.

Advertising – Advertising costs are expensed as incurred. Total advertising costs for the year-end December 31, 2024, amount to \$10,575.

Cash Equivalents – For purposes of the statement of cash flows, cash and cash equivalents include cash on deposits.

See independent auditor's report.

# THE ROYAL MAID ENTERPRISES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

### Note 4 – Intangible Assets

The Royal Maid Enterprises, Inc. utilizes ASC 350, “Intangibles – Goodwill and Other” for existing goodwill and other intangible assets. This standard eliminates the amortization of goodwill and intangible assets with indefinite useful lives and requires annual testing for impairment. This standard requires the assignment of assets acquired and liabilities assumed, including goodwill, to reporting units for purposes of goodwill impairment testing. The Company evaluated the ongoing impact of the application of ASC 350 on the consolidated financial statements and found no goodwill impairment at December 31, 2024.

### Note 5 – Related Party Transactions

The Royal Maid Enterprises, Inc., is wholly owned by Canama LLC. Canama LLC is a franchisee of the Company and operates three office franchises under the name Royal Maid Service. Royalty fees of \$9,000 were incurred by Canama LLC in 2024.

### Note 6 – Franchise Fees

The Royal Maid Enterprises, Inc. grants franchises to investors under franchise agreements (office franchises) to operate cleanings services under the name of “Regal Maids” in specific geographic territories. Initial franchise fees ranging from \$60,000 to \$67,500 must be paid to the Company under the terms of the agreement. These fees are recognized as revenue by the Company upon signing of the Office Franchise Agreement. A website set up and hosting fee of \$1,500 is also payable upon signing. Upon the one-year anniversary date of the Office Franchise Agreement the franchisees are obligated to pay the Company a \$3,000 royalty fee and \$1,000 brand contribution. Thereafter, the franchisees are obligated to pay the Company a royalty of 4% of gross sales and brand contribution of 1% of gross sales.

While there are no Company owned franchises, the shareholder of the Company operates three franchises. (See Note 5)

### Note 7 – Operating Lease

On July, 2023 the Company entered into a month-to-month financing lease with a related party. Rent expense was \$10,598 for the year ended December 31, 2024.

See independent auditor’s report.

# THE ROYAL MAID ENTERPRISES, INC.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

### Note 8 – Income Taxes

The Company accounts for income taxes under ASC 740 "Accounting for Income Taxes".

ASC 740 requires that deferred tax assets and liabilities be recorded for temporary differences between the financial statement and tax basis of assets and liabilities using the currently enacted tax rate expected to be in effect when the taxes are actually paid. The provision for income taxes for the year ended December 31, 2024 is for deferred taxes resulting from timing differences.

The provisions for income taxes consist of the following components:

	<u>2024</u>
Current taxes	\$ 12,228
Deferred taxes	<u>    --    </u>
	<u>\$ 12,228</u>

See independent auditor's report.

THE ROYAL MAID ENTERPRISES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2024

Note 10 – Subsequent Events

The Company has evaluated events through June 28, 2025, which is the date the financial statements were available to be issued. There were no subsequent events identified through June 28, 2025 that were required to be disclosed in the financial statements.

See independent auditor's report.

## SUPPLEMENTARY INFORMATION

THE ROYAL MAID ENTERPRISES, INC.  
SCHEDULES OF OPERATING EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2024

	<u>2024</u>
Automobile expense	\$ 9,069
Bank fees	50
Commission expense	--
Computer and internet	2,513
Dues and subscriptions	250
Insurance	1,295
Legal and professional fees	3,500
Licensing fees	150
Meals and entertainment	5,858
Office expense	3,117
Postage	52
Travel	3,398
Uniform	526
Utilities	<u>997</u>
Total operating expenses	<u>\$ 30,775</u>

See independent auditor's report and notes to the financial statements.



THE ROYAL MAID ENTERPRISES, INC.

INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

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# WEGLEY, HIGGINBOTHAM & ASSOCIATES, PLC.

CERTIFIED PUBLIC ACCOUNTANTS

10470 ARMSTRONG STREET

FAIRFAX, VIRGINIA 22030

PRINCIPALS

WILLIAM E. WEGLEY, CPA

PATRICIA K. HIGGINBOTHAM, CPA



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders  
of The Royal Maid Enterprises, Inc.

### ***Opinion***

We have audited the accompanying financial statements of The Royal Maid Enterprises, Inc. (a Florida corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Royal Maid Enterprises, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

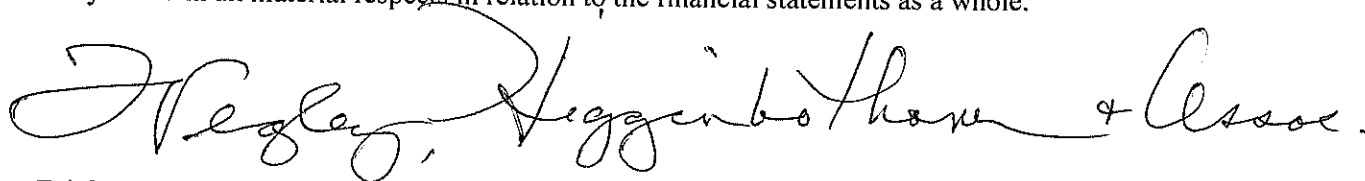
In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operating Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Fairfax, Virginia 22030  
July 12, 2023

# THE ROYAL MAID ENTERPRISES, INC.

## BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets		
Cash	\$ 207,185	\$ 145,744
Estimated income taxes receivable	771	3,040
Due from related parties	<u>54,933</u>	<u>57,693</u>
Total current assets	262,889	206,477
Property and equipment		
Property and equipment	23,654	1,907
Website development	10,000	10,000
Less accumulated depreciation and amortization	<u>(13,719)</u>	<u>(11,907)</u>
Net property and equipment	<u>19,935</u>	<u>--</u>
Other assets		
Goodwill, net	<u>395,000</u>	<u>395,000</u>
Total Assets	<u>\$ 677,824</u>	<u>\$ 601,477</u>
<u>Liabilities and stockholders' equity</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 4,150	\$ --
Deferred franchise fee revenue	--	5,000
Income tax liability	<u>15,372</u>	<u>2,269</u>
Total current liabilities	<u>19,522</u>	<u>7,269</u>
Long-term liabilities		
Deferred tax liability	42,896	33,180
EIDL loan	<u>42,900</u>	<u>42,900</u>
	<u>85,796</u>	<u>76,080</u>
Stockholders' equity		
Common stock, \$1.00 par value, 2,500 shares authorized, issued and outstanding	2,500	2,500
Paid-in surplus	392,500	392,500
Retained earnings	<u>177,506</u>	<u>123,128</u>
Total stockholders' equity	<u>572,506</u>	<u>518,128</u>
Total liabilities and stockholders' equity	<u>\$ 677,824</u>	<u>\$ 601,477</u>

See independent auditor's report and notes to the financial statements.

# THE ROYAL MAID ENTERPRISES, INC.

## STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Royalties	\$ 94,587	\$ 101,503
Franchise sales and transfers	<u>199,219</u>	<u>24,627</u>
Total revenues	293,806	126,130
Costs and expenses		
Advertising and promotion	16,975	10,050
Depreciation and amortization	1,812	382
Rent expense	20,250	19,800
Operating expenses	<u>135,172</u>	<u>53,155</u>
Total costs and expenses	<u>174,209</u>	<u>83,387</u>
Income from operations	<u>114,597</u>	<u>42,743</u>
Other income (expenses)		
Interest, net	(131)	(68)
Other, net	<u>--</u>	<u>55</u>
Total other income (expenses)	<u>(131)</u>	<u>(13)</u>
Income before income taxes	119,466	42,730
Income tax expense	<u>25,088</u>	<u>9,029</u>
Net income	<u>\$ 94,378</u>	<u>\$ 33,701</u>

See independent auditor's report and notes to the financial statements.

THE ROYAL MAID ENTERPRISES, INC.  
STATEMENTS OF RETAINED EARNINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Retained earnings, beginning	\$ 123,128	\$ 89,427
Net income	94,378	33,701
Dividends paid	<u>(40,000)</u>	<u>-</u>
Retained earnings, ending	<u>\$ 177,506</u>	<u>\$ 123,128</u>

See independent auditor's report and notes to the financial statements.

# THE ROYAL MAID ENTERPRISES, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Net Income	\$ 94,378	\$ 33,701
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	1,812	381
Changes in assets and liabilities:		
(Increase) decrease in other current assets	2,269	4,700
Increase (decrease) in current liabilities	4,150	(105,975)
Increase (decrease) in current and deferred income tax liability	<u>22,819</u>	<u>9,029</u>
Net cash provided by operating activities	<u>125,428</u>	<u>58,164</u>
Cash flows from investing activities		
Loan repayment (advances) from (to) related parties	2,760	(23,300)
Purchase of fixed asset	<u>(21,747)</u>	<u>--</u>
Net cash used by investing activities	<u>(18,987)</u>	<u>(23,300)</u>
Cash flows from financing activities		
Dividends paid	<u>(40,000)</u>	<u>--</u>
	(40,000)	--
Net increase (decrease) in cash	61,441	(81,464)
Cash, beginning	<u>145,744</u>	<u>227,208</u>
Cash, ending	<u>\$ 207,185</u>	<u>\$ 145,744</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ 131	\$ 68

See independent auditor's report and notes to the financial statements.



# THE ROYAL MAID ENTERPRISES, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021

### Note 1 - Organization

The Royal Maid Enterprises, Inc. (the Company), was incorporated in the state of Florida on July 31, 1995. The Company's principal business activity, the franchising of residential cleaning and maid services, is conducted primarily in the Mid-Atlantic States.

### Note 2 - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

### Note 3 - Summary of Significant Accounting Policies

*Revenue Recognition* – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2020, the first day of the Company's fiscal year, using the full retrospective method. As part of the adoption of the ASU, the Company elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the company used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when the Company expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) the company has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price. The majority of the Company's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Company's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients. The adoption of this ASU did not have a significant impact on the Company's financial statements. The majority of the Company's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Company's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

See independent auditor's report.

# THE ROYAL MAID ENTERPRISES, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021

### Note 3 – Summary of Significant Accounting Policies, continued

Accounts Receivable – Accounts receivable are reported at their gross value, less an allowance for doubtful accounts as deemed necessary. Under the allowance method, receivables deemed uncollectible are applied to the allowance throughout the year. The allowance is adjusted at December 31<sup>st</sup> for management's estimate of future bad debt expense. A provision for uncollectible accounts was established at December 31, 2022 and 2021 in the amount of \$0 and \$0, respectively.

Property and Equipment – The Company's property and equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

Depreciation is computed for financial statement purposes on a straight-line basis over the estimated useful lives of the related assets. For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system.

Income Taxes – The Company files its income tax return as a C Corporation. A provision for income tax will be accrued and paid as profits are realized.

Deferred income taxes result from timing differences between income tax and financial reporting recognition of gains or losses on disposal of fixed assets, depreciation and amortization on the Company's property and equipment and intangible assets and other timing differences.

Goodwill – Goodwill represents the excess of the cost of assets acquired over their fair value at date of acquisition. The Company evaluates goodwill for impairment at least annually.

Concentration of Credit Risk – The Company maintains its cash in bank accounts at quality financial institutions. The balances, at times, may exceed federally insured limits. A depositor within the company exceeded federally insured limits by \$0 as of December 31, 2022 and \$0 as of December 31, 2021.

Advertising – Advertising costs are expensed as incurred. Total advertising costs for the year-end December 31, 2022 and 2021, amount to \$16,975 and \$10,050, respectively.

Cash Equivalents – For purposes of the statement of cash flows, cash and cash equivalents include cash on deposits.

See independent auditor's report.

# THE ROYAL MAID ENTERPRISES, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021

### Note 4 – Intangible Assets

The Royal Maid Enterprises, Inc. utilizes ASC 350, “Intangibles – Goodwill and Other” for existing goodwill and other intangible assets. This standard eliminates the amortization of goodwill and intangible assets with indefinite useful lives and requires annual testing for impairment. This standard requires the assignment of assets acquired and liabilities assumed, including goodwill, to reporting units for purposes of goodwill impairment testing. The Company evaluated the ongoing impact of the application of ASC 350 on the consolidated financial statements and found no goodwill impairment at December 31, 2022 and 2021.

### Note 5 – Related Party Transactions

The Royal Maid Enterprises, Inc., is wholly owned by White Rose, LLC. White Rose, LLC is a franchisee of the Company and operates one office franchise under the name Regal Maids. Royalty fees of \$2,500 and \$2,500 were incurred by White Rose, LLC in 2022 and 2021, respectively.

### Note 6 – Franchise Fees

The Royal Maid Enterprises, Inc. grants franchises to investors under franchise agreements (office franchises) to operate cleanings services under the name of “Regal Maids” in specific geographic territories. Initial franchise fees ranging from \$60,000 to \$67,500 must be paid to the Company under the terms of the agreement. These fees are recognized as revenue by the Company upon signing of the Office Franchise Agreement. A website set up and hosting fee of \$1,500 is also payable upon signing. Upon the one-year anniversary date of the Office Franchise Agreement the franchisees are obligated to pay the Company a \$3,000 royalty fee and \$1,000 brand contribution. Thereafter, the franchisees are obligated to pay the Company a royalty of 4% of gross sales and brand contribution of 1% of gross sales. Initial franchise fees of \$199,219 and \$65,000 were recognized in 2022 and 2021.

While there are no Company owned franchises, the shareholder of the Company operates one franchise. (See Note 5)

### Note 7 – Operating Lease

On June 1, 2019 the Company entered into a month-to-month financing lease with a related party. Rent expense was \$19,800 for the year ended December 31, 2022 and \$19,800 for the year ended December 31, 2021.

See independent auditor’s report.

# THE ROYAL MAID ENTERPRISES, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021

### Note 8 – Income Taxes

The Company accounts for income taxes under ASC 740 "Accounting for Income Taxes".

ASC 740 requires that deferred tax assets and liabilities be recorded for temporary differences between the financial statement and tax basis of assets and liabilities using the currently enacted tax rate expected to be in effect when the taxes are actually paid. The provision for income taxes for the year ended December 31, 2022 and 2021 is for deferred taxes resulting from timing differences.

The provisions for income taxes consist of the following components:

	<u>2022</u>	<u>2021</u>
Current taxes	\$ 15,372	\$ 2,269
Deferred taxes	<u>9,716</u>	<u>6,760</u>
	<u>\$ 25,088</u>	<u>\$ 9,029</u>

### Note 8 – Income Taxes, continued

The tax effects of temporary differences that give rise to deferred tax liabilities consist of the following:

	<u>2022</u>	<u>2021</u>
Deferred tax liabilities		
Property and equipment	\$ (4,186)	\$ 80
Intangible assets	(5,530)	(5,530)
Accrual to cash conversion	--	987
Net operating loss carryforward	<u>--</u>	<u>(2,297)</u>
	<u>\$ (9,716)</u>	<u>\$ (6,760)</u>

### Note 9 – Notes Payable

On April 8, 2020 the Company executed the standard loan documents required for securing a loan (the "EIDL Loan") from the United States Small Business Administration (the "SBA") under its Economic Injury Disaster Loan assistance program in light of the impact of the COVID-19 pandemic on the Company's business. The principal amount of the EIDL Loan is \$42,900, with proceeds to be used for working capital purposes. Interest on the EIDL Loan accrues at the rate of 3.75% per annum and installment payments, including principal and interest, are due monthly beginning twenty-four months from the date of the EIDL loan. The balance of principal and interest is payable thirty years from the date of the promissory note.

See independent auditor's report.

# THE ROYAL MAID ENTERPRISES, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021

### Note 10 – Subsequent Events

The Company has evaluated events through July 12, 2023, which is the date the financial statements were available to be issued. There were no subsequent events identified through July 12, 2023 that were required to be disclosed in the financial statements.

See independent auditor's report.

## SUPPLEMENTARY INFORMATION

THE ROYAL MAID ENTERPRISES, INC.  
SCHEDULES OF OPERATING EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Automobile expense	\$ 6,924	\$ --
Bank fees	40	64
Commission expense	12,000	--
Computer and internet	3,694	817
Dues and subscriptions	387	--
Insurance	1,267	1,425
Legal and professional fees	62,856	30,267
Licensing fees	150	150
Meals and entertainment	9,296	525
Office expense	21,972	17,317
Postage	44	--
Travel	15,525	2,045
Uniform	626	545
Utilities	<u>391</u>	<u>--</u>
Total operating expenses	<u>\$ 135,172</u>	<u>\$ 53,155</u>

See independent auditor's report and notes to the financial statements.

## **UNAUDITED FINANCIAL STATEMENTS**

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



# Royal Maid Enterprises, Inc

## Balance Sheet

As of June 30, 2025

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Wells Fargo x9847 (Checking)	162,163.74
Wells Fargo x0977 (Checking)	38,660.88
<b>Total Bank Accounts</b>	<b>\$200,824.62</b>
Other Current Assets	
1300 Loan to Royal Maid	10,157.39
<b>Total Other Current Assets</b>	<b>\$10,157.39</b>
<b>Total Current Assets</b>	<b>\$210,982.01</b>
Fixed Assets	
1500 Furniture and Equipment	1,524.32
1600 Accumulated Depreciation	-12,565.25
1610 Vehicle Purchase	25,650.08
<b>Total Fixed Assets</b>	<b>\$14,609.15</b>
Other Assets	
1750 Goodwill	395,000.00
1760 Franchise Deposit	5,000.00
<b>Total Other Assets</b>	<b>\$400,000.00</b>
<b>TOTAL ASSETS</b>	<b>\$625,591.16</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	
2102 Citi Visa x2384 (Main)	3,200.77
2103 AMEX x5006	1,899.20
<b>Total Credit Cards</b>	<b>\$5,099.97</b>
Other Current Liabilities	
2150 Due to Owners	20,845.66
2200 Income Tax Liability	1,778.11
2250 Deferred Tax Liability	18,525.21
2300 Deferred Franchise Fee Revenue	7,500.00
<b>Total Other Current Liabilities</b>	<b>\$48,648.98</b>
<b>Total Current Liabilities</b>	<b>\$53,748.95</b>
Long-Term Liabilities	
2400 SBA (EIDL) Loan	--
2402 Truist Loan x0339	--
<b>Total Long-Term Liabilities</b>	<b>--</b>
<b>Total Liabilities</b>	<b>\$53,748.95</b>
Equity	
3012 Capital Stock	2,500.00
3100 Paid-In Capital	392,500.00

	TOTAL
3200 Retained Earnings	90,688.17
Net Income	29,255.26
<b>Total Equity</b>	<b>\$514,943.43</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$568,692.38</b>

# Royal Maid Enterprises, Inc

## Profit and Loss

January - June, 2025

	TOTAL
Income	
4000 Services	63,532.64
<b>Total Income</b>	<b>\$63,532.64</b>
GROSS PROFIT	<b>\$63,532.64</b>
Expenses	
6000 Advertising and Promotion	4,336.52
6020 Automobile Expense	3,005.36
6040 Bank Service Charges & Fees	55.00
6080 Computer and Internet Expenses	1,258.57
6120 Insurance Expense	1,007.25
6130 Dues & Subscriptions	150.00
6140 Interest Expense	--
6150 Legal & Professional Fees	7,342.08
6160 Meals and Entertainment	2,178.78
6180 Miscellaneous Expense	852.62
6200 Office Expenses	527.71
6310 Repairs & Maintenance	778.88
6330 Taxes & Licenses	10,246.20
6380 Travel Expense	858.52
6390 Uniform	95.25
6400 Utilities	1,585.22
<b>Total Expenses</b>	<b>\$34,277.96</b>
NET OPERATING INCOME	<b>\$29,254.68</b>
Other Income	
8000 Interest Income	0.58
<b>Total Other Income</b>	<b>\$0.58</b>
NET OTHER INCOME	<b>\$0.58</b>
NET INCOME	<b>\$29,255.26</b>

**EXHIBIT G**  
**STATE ADDENDA TO THE FDD**

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES  
REQUIRED BY THE STATE OF MARYLAND**

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

The franchise agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement, a successor franchise agreement or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

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

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

**Item 22, Additional Disclosures.** The following statements are added to Item 22:

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.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES  
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

In recognition of the Virginia Retail Franchising Act, the Franchise Disclosure Document for The Royal Maid Enterprises, Inc. for use in the Commonwealth of Virginia shall be amended to include the following:

**Termination, Item 17.** The following is added to Item 17.h:

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

**Contracts, Item 22.** The following is added to Item 22:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to these Additional Disclosures.

**EXHIBIT H**  
**STATE AGREEMENT ADDENDA**

**ADDENDUM TO REGAL MAID SERVICE FRANCHISE AGREEMENT  
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the Regal Maid Service Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”) between The Royal Maid Enterprises, Inc. (“we”, “us,” or “our”), a Florida corporation, and \_\_\_\_\_ (“you” or “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of Maryland; **(B)** you are a resident of the State of Maryland; and/or **(C)** the Franchised Business will be located in the State of Maryland.

2. The following sentence is added to the end of Sections 16.4.4 (Transfers Conditions) and 17 (General Release), and 18.3 (Renewal):

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is added to the end of Section 26.2 (Choice of Law):

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that Law.

4. The following sentence is added to the end of Section 26.3 (Choice of Forum):

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following sentence is added to the end of Section 26.4 (Limitations of Actions):

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

6. The following sentence is added to the end of Section 28 (Representations and Acknowledgments):

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first referenced above.

**THE ROYAL MAID ENTERPRISES, INC.**

**FRANCHISEE: If a corporation, partnership, or limited liability company, print name of business entity on the line below:**

\_\_\_\_\_

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

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

Print Name:\_\_\_\_\_

Print Name:\_\_\_\_\_

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

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

**If Franchisee is one or more individuals:**

\_\_\_\_\_

(Print Name)\_\_\_\_\_

\_\_\_\_\_

(Print Name) \_\_\_\_\_

Notice Address: \_\_\_\_\_

\_\_\_\_\_



**ADDENDUM TO REGAL MAID SERVICE  
MULTI-UNIT DEVELOPMENT AGREEMENT  
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the Regal Maid Service Multi-Unit Development Agreement dated \_\_\_\_\_ ("Development Agreement") between The Royal Maid Enterprises, Inc. ("we", "us," or "our"), a Florida corporation, and \_\_\_\_\_ ("you" or "your") is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to you was made in the State of Maryland; **(B)** you are a resident of the State of Maryland; and/or **(C)** the Franchised Business will be located in the State of Maryland.

2. The following sentence is added to the end of Section 6.4 (Transfers Conditions):

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is added to the end of Section 8 (Incorporation of Other Terms):

The Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that Law. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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.

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
5. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

**[Signatures follow on next page.]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first referenced above.

**THE ROYAL MAID ENTERPRISES, INC.**

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

Print Name: \_\_\_\_\_

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

**DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below:**

\_\_\_\_\_

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

Print Name: \_\_\_\_\_

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

**If Developer is one or more individuals:**

\_\_\_\_\_

(Print Name) \_\_\_\_\_

\_\_\_\_\_

(Print Name) \_\_\_\_\_

Notice Address: \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT I**  
**DEPOSIT AGREEMENT**

## THE ROYAL MAID ENTERPRISES, INC.

### DEPOSIT AGREEMENT

This Deposit Agreement (this "**Agreement**") by and between **THE ROYAL MAID ENTERPRISES, INC.**, a Florida corporation ("**we**", "**us**" "**RMS**" or "**Franchisor**") and the person(s) or entity identified on Exhibit A to this Agreement ("**you**" or "**Prospective Franchisee**") is entered into as of the date set forth on the signature page to this Agreement ("**Effective Date**")

### Recitals

You have submitted a franchise application to operate franchised residential cleaning business operating under the Regal Maid Service or Royal Maid Service marks ("**RMS Office**") and we are considering your application to become a franchisee ("**Franchise Opportunity**"). This Agreement does not obligate you to acquire a franchise, nor does it obligate us to grant you a franchise, but it governs the relationship of the parties during the period before signing a franchise agreement ("**Franchise Agreement**"), if and when the parties sign one.

### Agreement

1. **Receipt of FDD.** Franchisee acknowledges receiving a copy of RMS' Franchise Disclosure Document ("FDD") more than fourteen (14) days before signing this Agreement.
2. **Territory Reservation.** We agree to reserve the area or location described on Exhibit A (the "**Reserved Territory**") for a period of sixty (60) days from the date of signing this Agreement (the "**Reservation Period**"). During the Reservation Period, we will not grant anyone else a franchise for the Reserved Territory.
3. **Deposit.** Prospective Franchisee agrees to pay to RMS a nonrefundable sum of Five Thousand Dollars (\$5,000) (the "**Deposit**") concurrently with the execution of this Agreement.
4. **Application of Deposit.** If the parties execute a Franchise Agreement before the expiration of the Reservation Period, we will apply the entire Deposit toward payment of the Initial Franchise Fee required by the Franchise Agreement. If we do not sign a Franchise Agreement with you before the end of Reservation Period, we will be entitled to retain the entire Deposit as liquidated damages for the harm suffered in foregoing other franchise prospects in the Reserved Territory during the Reservation Period.
5. **No Obligation to Grant or Acquire Franchise.** The parties agree that the signing of this Agreement does not obligate us to grant you a franchise, nor does it obligate you to acquire a franchise. You will have no franchise rights, including but not limited to the right to use our trademarks unless and until a Franchise Agreement is signed by both you and us.
6. **Confidentiality.** You acknowledge that, in discussing the Franchise Opportunity, we will likely disclose to you information about RMS, our proprietary operating system and our business methods, marketing plans, strategies, and operations. You agree that all such information (collectively, "**Confidential Information**") is confidential and proprietary to us. You agree not to disclose any Confidential Information without our prior written consent or use any Confidential Information for any purpose other than evaluating the Franchise Opportunity. This confidentiality provision applies to information that has not been disclosed to the public and was not known to you before we disclosed the Confidential Information to you. This confidentiality provision applies to any Confidential Information that you received from us before entering into this Agreement.
7. **Materials.** You agree that any and all materials that we provide to you concerning the Franchise Opportunity, RMS, or our business ("**Materials**"): (a) are the exclusive property of RMS and our affiliates; and (b) may be used only for the purpose of evaluating the Franchise Opportunity. You

agree that neither you nor anyone under your control may reproduce any portion of the Materials or make them available to anyone else without our prior written authorization.

8. **Expenses.** The parties will each bear their own expenses for any travel, professional advice, and other costs incurred in discussing the Franchise Opportunity.
9. **Early Termination.** We can terminate this Agreement before expiration of the Reservation Period if you violate Sections 6 or 7 of this Agreement. The termination will be effective immediately upon transmittal of our written notice and we will be entitled to retain the Deposit. Our right to retain the Deposit does not preclude us from seeking damages, injunctive relief, or any other remedy if Prospective Franchisee violates Sections 6 or 7 of this Agreement at any time.
10. **Surviving Obligations.** You will still be bound by Sections 6, 7 and 8 after this Agreement expires or is terminated. You must promptly return all Materials to us upon expiration or termination of this Agreement.
11. **Continuing Disclosure.** If we issue an amended or updated FDD while this Agreement is in effect but before you have entered into a Franchise Agreement, we will provide a copy of the amended FDD to you, and you agree to provide us a signed and dated Receipt for the amended FDD.
12. **Notices.** All notices pursuant to this Agreement must be in writing and delivered in person or sent by personal delivery, by next day delivery service, by electronic means, or by certified mail, return receipt requested, to the respective parties at the addresses shown on the signature page of this Agreement (unless and until a different address has been designated by written notice to the other party). Any notices sent by personal delivery, next day delivery service or by electronic means shall be deemed given on the next business day after transmittal. Any notices sent by certified mail shall be deemed given on the third business day after the date of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other party.
13. **Governing Law and Venue.** This Agreement is governed by the laws of the Commonwealth of Virginia without regard to the application of conflict-of-law rules. Any lawsuit arising out of or relating to this Agreement must be filed in the federal or state courts in Virginia nearest to RMS' principal place of business at the time of filing. The parties waive all objections to personal jurisdiction and venue for the purpose of carrying out this provision.
14. **Entire Agreement.** This Agreement constitutes the entire agreement between RMS and Prospective Franchisee concerning the Reserved Territory and the Deposit and supersedes all prior agreements, negotiations, representations, and correspondence concerning the same subject matter. This Agreement may be amended only in a writing signed by Prospective Franchisee and an authorized officer of RMS.

[Signature page follows.]

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

**THE ROYAL MAID ENTERPRISES, INC.**

**FRANCHISEE: If a corporation, partnership, or limited liability company, print name of business entity on the line below:**

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

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

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

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

Notice Address: 58 N Charles Richard Beall Blvd  
Suite F  
Debary, FL 32713  
Attn: Chief Executive Officer

Notice Address: \_\_\_\_\_

\_\_\_\_\_

**EFFECTIVE DATE:** \_\_\_\_\_

**If Franchisee is one or more individuals:**

\_\_\_\_\_

(Print Name) \_\_\_\_\_

\_\_\_\_\_

(Print Name) \_\_\_\_\_

Notice Address: \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT A**

**TO THE ROYAL MAID ENTERPRISES, INC. DEPOSIT AGREEMENT**

**PROSPECTIVE FRANCHISEE INFORMATION**

**Prospective Franchisee's name and address:** \_\_\_\_\_

**Reserved Territory (Zip Codes):** \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT J**  
**FRANCHISEE DISCLOSURE QUESTIONNAIRE**



**FRANCHISEE DISCLOSURE QUESTIONNAIRE  
TO BE COMPLETED BEFORE  
SIGNING A REGAL MAID SERVICE MULTI-UNIT DEVELOPMENT OR FRANCHISE AGREEMENT**

*Do not sign this questionnaire if you are a resident of Maryland or the business is to be operated in Maryland.*

You are preparing to enter into a Regal Maid Service Multi- Unit Development Agreement or Franchise Agreement ("Agreement") with THE ROYAL MAID ENTERPRISES, INC. ("we" "our" or "us"). Please review each of the following questions carefully and provide complete responses to each.

Franchise Applicant \_\_\_\_\_

1. Have we provided you with a Franchise Disclosure Document at least 14 calendar days (or the earlier of the first personal meeting or 10 business days if you are a prospect based in or will operate in New York; the earlier of the first personal meeting or 14 days if you are a prospect based in or will operate in Iowa; or 10 business days if you are a prospect based in or will operate in Michigan) before you signed any agreements or paid any money or other consideration to us or our affiliates?

Yes \_\_\_ No \_\_\_

2. Did you sign a Receipt indicating the date on which you received the Franchise Disclosure Document?

Yes \_\_\_ No \_\_\_

3. Please list any questions you have regarding the franchise opportunity that you would like to discuss prior to signing the Agreement. (Attach additional pages, if necessary.)

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4. Please list any information provided to you by any employee or other person speaking on our behalf concerning the sales, revenue, profits, or operating costs of one or more RMS Office operated by us, our affiliates, or our franchisees or that you may earn or experience that is in addition to the information contained in the Franchise Disclosure Document:

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*All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the any other franchise registration and/or disclosure law.*

FRANCHISE APPLICANT (ENTITY OWNER)

\_\_\_\_\_  
[Insert name of Franchise Applicant]

By: \_\_\_\_\_  
[Name of Person signing on behalf of Franchise Applicant]

Its: \_\_\_\_\_  
[Title of Person signing on behalf of Franchise Applicant]

FRANCHISE APPLICATION (INDIVIDUAL OWNERS)

\_\_\_\_\_  
[Insert name of Owner]

\_\_\_\_\_  
[Signature of Owner]

**EXHIBIT K**  
**STATE EFFECTIVE DATES**

### 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:

States	Effective Date
Virginia	PENDING
Maryland	PENDING

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT L**  
**RECEIPTS**

## 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 The Royal Maid Enterprises, Inc. offers you a franchise, The Royal Maid Enterprises, Inc. 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. Iowa requires that The Royal Maid Enterprises Inc. give you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If The Royal Maid Enterprises, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency.

The franchisor is The Royal Maid Enterprises, Inc., located at 58 N Charles Richard Beall Blvd., Suite F, Debary, FL 32713.

The issuance date of this Franchise Disclosure Document is July 1, 2025.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Michael Ma, President of The Royal Maid Enterprises, Inc., 58 N Charles Richard Beall Blvd., Suite F, Debary, FL 32713 407-865-6243; and Simon Harrison, Broker Associate, Certified Business Intermediary, Boss Group International, LLC, 2750 Taylor Avenue, Suite A-15, Orlando, FL 32806, 407.989.6893; and Julia Harrison, Senior Business Advisor, Boss Group International, LLC, 2750 Taylor Avenue, Suite A-15, Orlando, FL 32806, 407.989.6894.

I have received a Franchise Disclosure Document dated July 1, 2025 that included the following Exhibits:

- |   |  |
|---|--|
| A. List of State Administrators and Agents for Service of Process | G. State Addenda to the FDD            |
| B. Franchise Agreement  | H. State Agreement Addenda             |
| C. Multi-Unit Development Agreement                               | I. Deposit Agreement                   |
| D. Manual Table of Contents                                       | J. Franchisee Disclosure Questionnaire |
| E. List of Franchisees  | K. State Effective Dates               |
| F. Financial Statements   | L. Receipts                            |

\_\_\_\_\_  
Date Received

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Name (please print)

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please sign this copy of the receipt, date your signature, return the signed receipt to Michael Ma, President of The Royal Maid Enterprises, Inc., 58 N Charles Richard Beall Blvd., Suite F, Debary, FL 32713, 407-865-6243, franchise@regalmaidservice.com.

## 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 The Royal Maid Enterprises, Inc. offers you a franchise, The Royal Maid Enterprises, Inc. 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. Iowa requires that The Royal Maid Enterprises Inc. give you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If The Royal Maid Enterprises, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency.

The franchisor is The Royal Maid Enterprises, Inc., located at 58 N Charles Richard Beall Blvd., Suite F, Debary, FL 32713.

The issuance date of this Franchise Disclosure Document is July 1, 2025.

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| A. List of State Administrators and Agents<br>for Service of Process | G. State Addenda to the FDD               |
| B. Franchise Agreement   | H. State Agreement Addenda                |
| C. Multi-Unit Development Agreement                                  | I. Deposit Agreement                      |
| D. Manual Table of Contents  | J. Franchisee Disclosure<br>Questionnaire |
| E. List of Franchisees   | K. State Effective Dates                  |
| F. Financial Statements  | L. Receipts                               |

\_\_\_\_\_  
Date Received

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Name (please print)

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please sign this copy of the receipt, date your signature and retain the signed Receipt for your records.