# FRANCHISE DISCLOSURE DOCUMENT AREA REPRESENTATIVE

OnAxis Franchising Group, LLC a Delaware limited liability company 136 School Street, #286 Spring Mills, PA 16875 (800) 765-8846 www.greenhomesolutions.com franchisedevelopment@greenhomesolutions.com



As a Green Home Solutions Area Representative, you will solicit prospective franchisees and provide franchisee support in a designated Area of Responsibility. Green Home Solutions franchisees will operate a business that offers indoor air quality solutions and services. Currently, these services include mold testing, mold cleaning, odor management, encapsulation/vapor barrier/moisture services, air purification, duct cleaning, disinfection/sterilization, any preparation necessary to gain access to space for remediation, and other indoor air quality and remediation services that create and maintain healthy indoor environments. New services may continue to be added and the franchisees will be offered an opportunity to provide those services and products to its customers.

The total initial investment necessary to begin operation of a Green Home Solutions Area Representative Business is **\$69,000** to **\$449,570**. This includes an initial fee of \$60,000 to \$400,000 that must be paid to us or our affiliate.

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

The terms of your contract govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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 "<u>A Consumer's Guide to Buying a Franchise</u>", which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: May 18, 2023, as amended August 25, 2023

# How to Use This Franchise Disclosure Document

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

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

# What You Need To Know About Franchising Generally

<u>Continuing responsibility to pay fees</u>. 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.

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

**<u>Renewal</u>**. 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.

<u>When your franchise ends</u>. 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 B.

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. <u>Out-of-State Dispute Resolution</u>. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Pennsylvania. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Pennsylvania than in your own state.

2. **<u>Financial Condition</u>**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

4. **Franchisor's Right to Terminate**: If Franchisee does not comply with Development Schedule, Franchisor may terminate Franchisee's territorial exclusivity rights in the Area of Responsibility or terminate the Area Representative Agreement (see Item 12).

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

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.

# Supplemental Cover Pages for Transactions Regulated by Michigan

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

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

(a) A prohibition on the right of a Franchisee to join an association of Franchisees.

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

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

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

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; or (iv) the failure of the Franchise or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires the Franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a

right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of those assets if the Franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

# THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THE NOTICE CONTAINED ON THE PRIOR PAGE OR THIS PAGE SHOULD BE DIRECTED TO THE DEPARTMENT OF ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: ANTITRUST AND FRANCHISE UNIT, 670 WILLIAMS BUILDING, 525 W. OTTAWA STREET, LANSING, MICHIGAN 48913; TELEPHONE NUMBER (517) 373-7117.

# THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN

# TABLE OF CONTENTS

| Item   | <b>Page</b> |
|--|-------------|
| ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.  | 1           |
| ITEM 2 BUSINESS EXPERIENCE   | 5           |
| ITEM 3 LITIGATION  | 6           |
| ITEM 4 BANKRUPTCY  | 7           |
| ITEM 5 INITIAL FEES  | 8           |
| ITEM 6 OTHER FEES  |             |
| ITEM 7 ESTIMATED INITIAL INVESTMENT                                    |             |
| ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES                |             |
| ITEM 9 FRANCHISEE'S OBLIGATIONS  |             |
| ITEM 10 FINANCING  | 16          |
| ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND    |             |
| TRAINING   |             |
| ITEM 12 TERRITORY  |             |
| ITEM 13 TRADEMARKS   |             |
| ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION               |             |
| ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATIONS OF THE FRAM |             |
| BUSINESS   |             |
| ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL                   |             |
| ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION         |             |
| ITEM 18 PUBLIC FIGURES   |             |
| ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS                          |             |
| ITEM 20 OUTLETS AND AREA REPRESENTATIVE INFORMATION                    |             |
| ITEM 21 FINANCIAL STATEMENTS   |             |
| ITEM 22 CONTRACTS  |             |
| ITEM 23 RECEIPTS   |             |

# **Exhibits**

- A State Addendum to the Area Representative Disclosure Document
- B State Administrators and Agents for Service of Process
- C Area Representative Agreement
- D Financial Statements
- E List of Area Representatives
- F Confidential Brand Standards Manual Table of Contents
- G Statement of Prospective Franchisees
- H State Effective Dates
- I Disclosure Document Receipts

### <u>ITEM 1</u> <u>THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES</u>

# The Franchisor

The Franchisor is OnAxis Franchising Group, LLC, which in this Disclosure Document is referred to as "we", "us", or "Franchisor". "You" means the person who buys the Area Representative franchise and includes your owners and principals if you are a corporation or business entity. The Green Home Solutions Area Representative Agreement ("AR Agreement") is attached as Exhibit C to this Disclosure Document. We may refer to your Green Homes Solutions Area Representative business as the "AR Business" or "Area Representative Business" throughout this Disclosure Document. If you are a corporation, partnership, limited liability company, or other entity, all of your owners must sign a personal guaranty, which means that all of our AR Agreement's provisions also will apply to all owners.

OnAxis Franchising Group, LLC is a Delaware limited liability company, organized on December 29, 2021. Our principal business address is 136 School Street, #286, Spring Mills, PA 16875. We list our agents for service of process in Exhibit B. We operate under our corporate name and the trademark, "GREEN HOME SOLUTIONS" described in Item 13 (the "Marks"). We do not do business under any other names.

We began offering Area Representative rights and unit franchises in July 2022. We have never operated a business of the type described in this Disclosure Document; however, we offer franchises for, and we own, Green Home Solutions businesses of the type offered to unit Franchisees in a separate Disclosure Document.

# **Parents**

On August 25, 2023, NSF GHS, LLC ("NSF GHS") became the majority owner and parent company of us. NSF GHS' principal business address is 555 E. Lancaster Avenue, 3<sup>rd</sup> Floor, Radnor, Pennsylvania 19087. NSF GHS is the holding company through which private equity investors acquired the majority interest in us. As part of this transaction, we entered into a Management Services Agreement with NSF II Management Company, LLC ("NFS II"). NFS II shares a principal business address with NSF GHS. Neither NSF GHS nor NFS II has offered franchises in any line of business nor have they operated a Green Home Solutions business.

# Predecessor

Our predecessor, JC Franchising, Group, LLC is a Georgia limited liability company organized on April 27, 2010. JC Franchising Group's principal business address is 136 School Street, #286, Spring Mills, Pennsylvania 16875. From April 2010 through May 2022, JC Franchising Group offered Green Home Solutions Franchised Businesses and offered Area Representative rights since 2014. On June 1, 2022, JC Franchising Group transferred certain of its assets, including the Marks and the rights to Area Representative Agreements to us (the "**Transaction**"). Except for the franchising of Green Home Solutions businesses before the Transaction, JC Franchising Group, LLC did not offer franchises in any line of business and did not operate any other businesses.

In August 2018, our predecessor entered into a Master Operator Agreement ("MOA") under which a third party ("Master Operator") was granted the right to use the Marks in the operation of its business, which it operates under its own TrueEnviro" service mark in certain geographic areas. Under the MOA, the Master Operator pays a different royalty rate and is subject to different product purchasing terms. Neither

we nor our predecessor use or grant licenses or franchises to any other person or entity to operate using the "TrueEnviro" mark and the royalty rate and product purchasing terms are not offered to other Green Home Solutions® Franchisees. Our predecessor assigned the MOA to us in June 2022. The MOA limits our right to use the Marks in certain defined geographic areas. We are not able to sell this Green Home Solutions franchises within those areas.

#### **Affiliated Franchise Programs**

Through common control by affiliates of NSF GHS, we are affiliated with the below franchise programs. None of these affiliates operate a Green Home Solutions business nor have they offered franchises for Green Home Solutions businesses, or any other lines of business except as provided below.

Blo Blow Dry Bar Inc.'s ("Blo") principal business address is 1867 Yonge Street, Suite 600, Toronto, Ontario, Canada M4S 1Y5. Since January 2010, Blo has offered franchises in the United States for full-service blow dry businesses offering public hair styling and cleansing products and accessories operating under the name Blo Blow Dry Bar<sup>®</sup>. As of December 31, 2022, there were 99 franchised facilities in the United States and internationally.

Duck Donuts Holdings, LLC's ("Duck Donuts") principal business address is 1215 Manor Drive, Suite 302, Mechanicsburg, Pennsylvania 17055. Since April 2021, Duck Donuts has offered franchises for retail businesses offering fresh made to order donuts and other authorized products under the name DUCK DONUTS<sup>®.</sup> Before that, Duck Donuts' affiliate and predecessor, Duck Donuts Franchising Company, LLC, offered Duck Donuts franchises from about October 2012 through April 2021. As of December 31, 2022, there were 112 franchised locations in the United States.

TSR Franchise Group LLC's ("TSR") principal business address is 237 St. James Place, Philadelphia, Pennsylvania 19010. Since February 2023, TSR has offered franchises for restaurants offering donuts, fried chicken, coffee and other authorized products under the name FEDERAL DONUTS<sup>®</sup>. As of February 1, 2023, there were no franchised locations in the United States.

Barkley Ventures Franchising, LLC's ("BVF") principal business address is 3699 N. Dixie Highway, Oakland Park, Florida 33334. Since February 2022, BVF has offered franchises in the United States for canine care facilities offering day care, boarding services, grooming services, training, specialty retail boutique for dogs, and other products and services operating under the name Central Bark. As of December 31, 2022, there were 35 franchised facilities in the United States.

# The Area Representative Business

Under your AR Agreement, we grant to you the non-exclusive right to operate an AR Business using the Marks; to use certain designs, color schemes, trademarks, and service marks, and to use certain trade secrets, operating methods, and other confidential and valuable information for a term of 10 years. After your franchise expires, you have the right to renew your license for an additional term of 10 years, provided you meet the standards established in the AR Agreement and sign the then-current AR Agreement and Development Schedule.

As an Area Representative, you are granted the right to solicit prospective Green Home Solutions franchisees and provide support to existing Green Home Solutions franchisees within a designated and protected area ("Area of Responsibility"). An Area of Responsibility will typically contain at least 20 franchised units with a population of about 3 million to about 15 million people based on US Census data. You must sell or develop a stated number of unit franchises within your Area of Responsibility within a stated time frame ("Development Schedule"). Your failure to meet the Development Schedule can result in the loss of territorial exclusivity or the termination of the AR Agreement.

As an Area Representative, you will identify, recruit, and qualify prospective Green Home Solutions franchisees and assist us in rendering certain services to them; provide certain training to Green Home Solutions franchisees; coordinate marketing and advertising efforts of franchisees; monitor sales and performance of franchisees; and perform various other duties regarding the establishment and development of Green Home Solutions franchises in the Area of Responsibility. You will not sign the Green Home Solutions franchise agreements with unit franchisees, we will. You will receive a portion of the initial franchise fee and ongoing royalties that franchisees in your Area of Responsibility pay to us. You also must own a Green Home Solutions Franchise.

You will receive a comprehensive training/certification program with our unique system and procedures enabling them to market and provide these initial services and the additional services and products that may be developed in the future, within their Area of Responsibility. As franchisees add products, they may incur additional royalties and minimum purchase amounts. We own a distinctive system and source of supply of products for the establishment, marketing, and operation of an environmentally preferred solutions business in the Area of Responsibility ("System"). Distinguishing characteristics and elements of the System include, without limitation: specifications and procedures for operations, quality and uniformity of products and services offered; training and assistance; and advertising and promotional programs, all of which may from time to time be changed, improved, and further developed. The System includes rights to certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, owned by or licensed to us, including the mark "GREEN HOME SOLUTIONS", and other trade names, service marks, and trademarks as are now or later used in the System.

#### The Green Home Solutions Unit Franchise Business

We are not offering a Green Home Solutions Franchised Business under this Disclosure Document; the right to operate a Green Home Solutions Franchised Business is offered under a separate Disclosure Document. Below is a description of the businesses that you will support as an Area Representative and for which you will solicit prospective franchisees.

Green Home Solutions franchisees offer a menu of environmentally preferred indoor air quality solutions, including indoor air quality testing, mold testing and cleaning, odor management, air duct cleaning, disinfection, and other related services to its customers in accordance with our model and system within their designated and protected territories. Our intent is to develop and bring to market additional environmentally preferred products to solve home issues. As these new products and service offerings are developed, we will offer them to existing franchisees that are in good standing under their franchise agreements.

We identify the Green Home Solutions Business by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the mark "Green Home Solutions", distinctive trade dress, and other trade names, trademarks, and service marks as we now designate or may in the future designate in writing for use in connection with the System ("Marks"). We and our franchisees will use the Marks to identify for the public the source of services and products marketed under the Green Home Solutions System, and to represent the System's high standards of quality, appearance and service.

Our franchisees are designated by the Mark "GREEN HOME SOLUTIONS". The System focuses on providing effective marketing and promotional support, strategies, and implementation to support our franchisees.

# **Competition**

Your market for unit franchisees consists of owners of small businesses, owners and managers of residential real property, and contractors that perform services in your Area of Responsibility. The competitors will be other services businesses which may be independently owned or franchised. You also may face competition from the Master Operator offering products and services under Green Home Solutions® marks in conjunction with the "TrueEnviro" mark in defined geographic areas (See Item 13). The market for these services businesses is competitive and well established. The Green Home Solutions business is not seasonal. You also will compete generally with other franchisors offering franchises to prospective franchisees in other lines of business.

# **Regulatory Matters**

The Federal Trade Commission and various states regulate the offer and sale of franchises (or business opportunities) and the relationship between franchisors (including Regional Franchise Developers) and franchisees. You must comply with these laws when you solicit franchisees and during your relationship with your franchisees. You must use the Unit Franchise Disclosure Document that we provide to you when you solicit prospective franchisees and when you sell franchises. Under federal law, we must update our Franchise Disclosure document annually, and whenever a material change in the information in the Franchise Disclosure Document occurs during the year. In addition, if your Area of Responsibility is located within a franchise registration state, you may solicit prospective franchisees and sell franchises only while we are effectively registered in that state. If your Area of Responsibility includes territory in New York or Washington, you must separately register as a franchise broker before you may offer and sell unit franchises.

Several states currently have statutes or regulations pertaining to mold remediation, duct cleaning, sanitation, and remediation, among other aspects of the AR Business, which include requirements for licensure and training. You are responsible for investigating the availability and requirements for obtaining all licenses in your state. We assume no responsibility for your compliance with any statutes, ordinances or regulations that may affect your AR Business or your ability to conduct the AR Business in your Area of Responsibility. Your signing of the AR Agreement will serve as confirmation that you have fully investigated all laws, ordinances and regulations that have a material impact on your ability to conduct the Green Home Solutions AR Business in your Territory.

You must comply with all federal, state, and local laws and regulations that apply to your operations, including those pertaining to the mold removal and control industry, licensing, workers' compensation, corporate, tax, environmental, sanitation, insurance, no smoking, EEOC, OSHA, non-discrimination, employment, and sexual harassment laws. You must obtain and maintain any related permits, licenses, certifications, or other indications of authority necessary for the operation of your AR Business.

We may require you to obtain particular permits, licenses, accreditations or certifications that might not be required by law but that we deem necessary in our sole discretion. This may be required before you are able to offer certain services and products that are a part of the Green Home Solutions System.

# ITEM 2 BUSINESS EXPERIENCE

# Chairman of the Board and Chief Cultural Officer: Russell Weldon

Mr. Weldon has been our Chief Cultural Officer and a Director since June 2022. Before that Mr. Weldon was the Chief Cultural Officer and a Director of JC Franchising Group, LLC from 2014 through May 2022.

### President and Chief Executive Officer: Jeff Panella CFE

Mr. Panella has been our President and CEO since June 2022. Before that Mr. Panella was the President and CEO of our predecessor, JC Franchising Group, LLC, from August 2017 through May 2022.

#### **Chief Development Officer: Glen Snyder CFE**

Mr. Snyder has been our Chief Development Officer since June, 2022. Before that Mr. Snyder was the Chief Development Office of our predecessor JC Franchising Group, LLC from May 2016 to May 2022.

#### **Chief Science Officer: David Bloom**

Mr. Bloom has been our Chief Science Officer since June 2022. Before that Mr. Bloom was the Chief Science Officer of our predecessor, JC Franchising Group, LLC from July 2015 to May 2022. Since December 2007 he has also served as the President of nzymSys, Inc. in Manchester, Connecticut.

#### **Chief Operating Officer:** Albert Winnick

Mr. Winnick has been our Chief Operating Officer since June 2022. Before that Mr. Winnick was the Chief Operating Officer of our predecessor, JC Franchising Group, LLC, from January 2021 through May 2022. Before that Mr. Winnick was the Chief Operating Officer of TrueSpecEyeBar in New York, New York from January 2019 through October 2020. Before this, Mr. Winnick was the National Sales Director for Zyloware Eyewear in Port Chester, New York from September 2017 to August 2019. Before

#### Vice President of Legal and Administration: Traci Frey

Ms. Frey has been our Vice President of Legal and Administration since June 2022. Before that she was Vice President of Legal and Administration and with the Legal Department of our predecessor, JC Franchising Group, LLC, from September 2017 through May 2022.

#### Marketing Director: Justin Bailey

Mr. Bailey has been our Marketing Director since February 2023. From August 2022 to February 2023, Mr. Bailey was a Senior Marketing Specialist for Arosa in Raleigh, North Carolina. Before this, Mr. Bailey was a Marketing Consultant for Equivity in Las Vegas, Nevada from August 2021 to July 2022. From May 2013 to December 2020, Mr. Bailey was a principal at Carolina's Executive Limo Line in Charleston, South Carolina.

#### **Director: Karen Weldon**

Ms. Weldon has been one of our Directors since June 2022. Before that Ms. Weldon was a director of our predecessor, JC Franchising Group, LLC from February 2018 through May 2022. Ms. Weldon has not been employed since June 2008.

# **Director: William Curran**

Mr. Curran has been a Director since June 2022. Before that Mr. Curran was a director of our predecessor, JC Franchising Group, LLC from July 2021 to May 2022. Mr. Curran was the Founder and CEO of Accustream in Denver, Colorado from January 2007 through January 2021 and is currently the Founder and CEO of Single Path Solutions in Denver, Colorado.

Except as described above, the location of the employer for each of the officers, directors and management personnel listed in this Item 2 is Spring Mills, Pennsylvania.

### ITEM 3 LITIGATION

# **Our Concluded Litigation:**

OnAxis Franchising Group, LLC as successor-in-interest to JC Franchising Group, LLC v. S&N Home Solutions, LLC, Leslie Clay Neff, and Laura Jane Neff, in the Superior Court of Fulton County, Georgia, Civil Action File No: 2022CV371169. On October 7, 2022, we initiated this action against former franchisee S&N Home Solutions, LLC and its guarantors Leslie Clay Neff and Laura Jane Neff (the "Neffs") seeking injunctive relief and damages arising from the Neffs' operation of a competitive business in violation of the post-termination non-compete obligation in their franchise agreement. After a hearing on our Motion for a Temporary Restraining Order, the Superior Court of Fulton County granted our Motion and entered a Temporary Restraining Order that required the Neffs to cease the operation of their competitive business in violation of the post-termination non-compete obligation in their franchise agreement. The Parties then participated in a Court-ordered mediation, following which the Parties entered into a settlement agreement. Under the settlement agreement, the Neffs agreed to pay \$43,000.00 to us, and the Neffs further consented to the entry of a Final Order and Permanent Injunction which enjoins the Neffs from operating a competitive business in violation of the post-termination non-compete obligation in their franchise agreement through July 22, 2025. The Final Order was entered on November 28, 2022.

# **Concluded Predecessor Litigation:**

In <u>Christine Belcher; Ezekial Flores; Kenneth Richardson; Michelle Stephens v. JC Franchising</u> <u>Group, LLC dba Green Home Solutions; The Elite Group Commercial, Inc. and Chad Hett; and Does 1</u> <u>through 50</u>, Superior Court of the State of California, County of Los Angeles, Central District, Case No. BC594379, filed September 9, 2015. A former franchisee alleged that our Area Representative, Chad Hett, had wrongfully performed services in its protected territory. Claims were made against us alleging breach of the Franchise Agreement, breach of the implied covenant of good faith and fair dealing, fraud and deceit by intentional and negligent misrepresentation and other causes of action. We were never served with the lawsuit. Without an admission of liability, a Settlement Agreement and Release was entered into by the parties in which the Defendants agreed to pay the gross sum of \$66,641.26. Of that amount, we agreed to pay \$23,715.00 and The Elite Group Commercial, Inc. and Chad Hett agreed to pay \$42,926.26. A Settlement Agreement was signed in January 2016 and the case was dismissed on February 29, 2016. In JC Franchising Group, LLC v. Terrapin Sales, LLC and Ronald C. Sager, State of Connecticut Superior Court, Judicial District of Hartford; Docket #: HHD-CV-19-6104324-S, filed December 6, 2018. We alleged that Terrapin Sales, LLC and Ronald C. Sager, former franchisees, breached their franchise agreements justifying their termination by failing to create and maintain numerous business records thereby preventing us from conducting an audit of their operations, failing to comply with tax laws, infringing on protected territories of other Green Homes Solutions franchisees, and failing to comply with operational standards. The defendants filed a counterclaim alleging breach of contract, declaratory relief, injunctive relief, breach of the implied covenant of good faith and fair dealing, and violation of the Connecticut Unfair Trade Practices Act. We settled the matter on March 12, 2019, and signed a settlement agreement with the defendants whereby the defendants agreed to pay all unpaid royalties, fees, and other amounts owed to us under the applicable franchise agreements, and we agreed to allow the defendants to operate a competing business in a limited territory provided they did not use the proprietary marks and complied with all other post-term obligations stated in the applicable franchise agreement and the settlement agreement.

Other than the actions listed above, no litigation must be disclosed in this Item.

# <u>Item 4</u> Bankruptcy

No bankruptcy information must be disclosed in this Item.

# <u>Item 5</u> Initial Fees

#### **Initial Area Representative Fee**

You must pay an Initial Area Representative Fee when you sign the AR Agreement. The Initial Area Representative Fee is not uniform and will vary depending on the specific Area of Responsibility in which the Area Representative will operate and the number of Franchised Businesses that the Area Representative must develop. The Initial Area Representative Fee will range from about \$60,000 to \$400,000. An Area of Responsibility will typically contain about 20 franchised units with a population of about 3 million people. The Initial Area Representative Fee will increase proportionately with the increased population of the Area of Responsibility. The Initial Area Representative Fee is based on \$.025 (two and a half cents) per person in the Area of Responsibility for any new Area Representative and \$.02 (two cents) per person in the Area of Responsibility for an existing Area Representative that buys additional territory.

The Initial Area Representative Fee is not refundable under any circumstances and is compensation to us for our efforts in offering and selling Area Representative rights to you, for our sales and marketing activities to promote the sale of Area Representative rights to qualified candidates, and our legal compliance with franchise laws and regulations.

Except as described above, we do not require you to pay us or any affiliate of ours any fees for products or services you purchase from us or them before you open your AR Business.

| Name of Fee <sup>1</sup>               | Amount   | Due Date              | Remarks  |
|--|--|-----------------------|--|
| Renewal Fee                            | 25% of the Initial Area<br>Representative Fee paid.                              | On renewal            | You must pay the Renewal<br>Fee when you renew your AR<br>Agreement  |
| Replacement<br>Manager Training        | Up to \$500 per day per person   | On demand             | Any new or replacement<br>Manager must attend and<br>complete the initial training to<br>our satisfaction.   |
| On-Site Training                       | Then-current fee (currently up<br>to \$500 per day per person)                   | As incurred           | You must pay this fee if you<br>request that we come to your<br>site for additional training.  |
| Advertising and<br>Marketing Materials | Actual cost  | As incurred           | We may charge you for the<br>costs we incur in printing<br>large quantities of advertising<br>and marketing materials<br>supplied to you at your<br>request. |
| Insurance Premiums                     | The amount of the premiums<br>we paid plus a reasonable fee<br>(currently \$500) | Immediately on demand | You must reimburse us if we<br>purchase insurance for you<br>because you failed to do so.  |

# <u>Item 6</u> Other Fees

| Name of Fee <sup>1</sup>                 | Amount   | Due Date                   | Remarks  |
|--|--|----------------------------|--|
| Alternate Supplier<br>Testing Fee        | Reimbursement of our actual<br>costs, including costs of<br>inspection and testing   | On demand                  | We have the right to evaluate<br>prospective suppliers you<br>recommend and to sample<br>their goods. We may require<br>you to pay the cost of<br>inspection and testing, for this<br>service.   |
| Indemnification                          | Will vary under the circumstances  | As incurred                | You must reimburse us if we<br>incur any expenses related to<br>claims involving the<br>operation of your Franchised<br>Business and if we are held<br>liable for damages or other<br>relief related to the operation<br>of your Franchised Business.                    |
| Transfer Fee <sup>2</sup>                | 10% of the Initial Area<br>Representative Fee paid or<br>\$7,500, whichever is greater.  | On signing of<br>Agreement | Due on transfer of your AR<br>Business.  |
| Broker Fee                               | 10% of the sale price of the<br>Area Representative Business.<br>Fees to outside brokers will<br>vary.   | At the closing the sale    | You must pay us 10% of the<br>sale price of your Area<br>Representative Business if we<br>secure a purchaser for you. If<br>we must pay a broker on<br>account of a Transfer of your<br>Area Representative Business<br>you will reimburse us for the<br>brokerage fees. |
| Annual Conference,<br>if any             | We may charge a fee to cover<br>speakers, meals, and activities<br>up to \$1,000 per entity (charged<br>regardless of attendance).   | On receipt of our invoice  | You must send at least one<br>person. If you wish to send<br>additional people, we will<br>publish and charge a separate<br>fee per extra person.  |
| Damages, expenses<br>and attorneys' fees | Actual amount we incur   | On demand                  | You must pay us all damages,<br>expenses and attorneys' fees<br>we incur in enforcing the<br>covenant not to compete; or<br>due to your default, or in our<br>enforcing the post-<br>termination provisions of the<br>AR Agreement.                                      |
| Management Fee<br>plus our expenses      | Up to 10% of the fees otherwise<br>due to you under the AR<br>Agreement, plus our out-of-<br>pocket expenses (including<br>salaries) incurred in managing<br>your Area Representative<br>Business (including salaries) | On demand                  | We may charge a<br>management fee as we<br>determine and we are entitled<br>to reimbursement of the<br>expenses we incur in the<br>management of the Area<br>Representative Business on<br>death or disability.  |

# NOTES:

1. Unless we note otherwise, all fees are imposed by us and are payable to us and are not refundable under any circumstances.

2. The Transfer Fee compensates us for the expenses we incur related to the transfer, such as attorney's fees, training, and other assistance we provide the transferee.

|   | Amount Low-High |           | Method of                 |                                       | To Whom<br>Payment Is To                                    |
|---|-----------------|-----------|---------------------------|---------------------------------------|---|
| Type of Expenditure                                       | Low             | High      | Payment                   | When Due                              | Be Made   |
| Initial Area<br>Representative Fee <sup>1</sup>           | \$60,000        | \$400,000 | Lump sum                  | On signing AR<br>Agreement            | Us  |
| Travel and living expenses while training <sup>2</sup>    | \$250           | \$4,000   | As incurred               | Before and during training            | 3 <sup>rd</sup> party vendors                               |
| Lease and Leasehold<br>Improvements <sup>3</sup>          | \$0             | \$5,000   | As negotiated             | As negotiated                         | Landlord and contractors                                    |
| Office equipment,<br>furniture, and fixtures <sup>4</sup> | \$500           | \$12,000  | Lump sum or as negotiated | Before opening                        | 3 <sup>rd</sup> party vendors<br>or designated<br>suppliers |
| Computer and Software                                     | \$1,500         | \$3,500   | Lump sum or as negotiated | Before opening                        | 3 <sup>rd</sup> party vendors                               |
| Opening Advertising <sup>5</sup>                          | \$2,000         | \$6,000   | Lump sum                  | Before opening                        | 3 <sup>rd</sup> party vendors                               |
| Insurance <sup>6</sup>                                    | \$750           | \$1,500   | As arranged               | Before opening                        | Insurance<br>companies                                      |
| Employee Background<br>Checks <sup>7</sup>                | \$0             | \$570     | As incurred               | Before hiring<br>employees            | Designated supplier   |
| Professional Fees <sup>8</sup>                            | \$1,000         | \$2,000   | As incurred               | As incurred                           | Attorneys & accountants                                     |
| Additional Operating<br>Funds (3 Months) <sup>9</sup>     | \$3,000         | \$15,000  | As incurred               | During first 90<br>days of operations | Various<br>suppliers  |
| Estimated Total Initial<br>Investment <sup>10</sup>       | \$69,000        | \$449,570 |                           |                                       |   |

ITEM 7 ESTIMATED INITIAL INVESTMENT

\* Except as otherwise indicated, all the above fees are non-refundable. We do not finance any portion of your initial investment.

NOTES:

1. We describe the Initial Area Representative Fee in Item 5.

2. Although we do not charge for the initial certification, you must pay for your and your employees' travel, food, lodging, etc., as well as expenses incurred from not being at your approved location during the initial training program. The low estimate contemplates your commuting to the training on a daily basis.

3. You may operate your AR Business from a home office. If you chose to locate your business outside of your home, we would anticipate your renting a location in a Class "C" or light industrial space with about 500 to 1,000 square feet. You will incur initial deposits, monthly fees, build-out or improvement expenses, and other related expenses. The amount of the build-out expenses you will incur will vary based on factors including the amount, if any, of allowances provided by your landlord. This estimate includes rent for the first three months and a deposit of one month's rent. You should consult with your own attorney regarding the lease and related matters.

4. These may include desk, chair, computer, fax, phone, access to copier/printer, etc. The low estimate contemplates your owning sufficient office furnishings, the high estimate contemplates your leasing office furnishings or furnished office space.

5. The AR Agreement requires that you spend a minimum of \$12,000 for advertising each year in tactics mutually agreed on by you and us.

6. See Item 8 for additional information on insurance requirements.

7. Area Representatives must obtain background checks for all employees. The per-employee cost of a background check typically ranges from \$35 to \$95, plus an additional \$95 court fee for background checks in New York.

8. This amount includes expenses you may incur to obtain legal counsel to review the AR Agreement and this Disclosure Document and to form your business entity and obtain an accountant to set up your accounting systems.

9. We recommend that you have a minimum amount of money available to cover operating expenses, including employees' salaries, if any, and marketing expenses for the first three months of the operation of your AR Business. We cannot guarantee that our recommendation will be sufficient. These expenses are typically non-refundable.

10. In compiling this chart, we relied on our industry knowledge and experience. The amounts shown are for your startup and your first three months of operation only. They are estimates only and are likely to vary significantly for many reasons, including national, regional, and local economic conditions; the capabilities of your management team; and your business experience and acumen. Most expenses listed in this Item 7 are not within our control and are affected more by national, regional, and local economic conditions than by our actions. You should review these estimates carefully with your attorney, accountant, and other business advisors before you make any decision to enter into the AR Agreement with us. Because these figures are estimates only, we cannot guarantee that you will not have additional expenses in starting your AR Business. You should also prepare a set of estimates of your own based on your particular circumstances.

# ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must at all times give prompt, courteous, and efficient service to franchisees in your Area of Responsibility. You will, in all dealings with franchisees, prospective franchisees, and the public, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You must offer all services as we designate in your associated Franchised Business, including all additional services that are optional for other Green Home Solutions franchisees.

# **Designated and Approved Suppliers and Specifications**

We do not generally designate or approve suppliers under the AR Agreement, however you must purchase and use the software that we require (See Item 11 for a description) and you must purchase and maintain the insurance that we require. In addition, you must obtain a background check on all of your employees from a supplier that we have approved. All your employees who have direct contact with the public must wear the Green Home Solutions logoed apparel that meets our standards while they are engaged in their employment activities.

Except for the vendor that provides background checks on your employees, we currently have no designated suppliers or approved suppliers for goods or services relating to your AR Business. However, we have the right to require that furniture, fixtures, signs, and equipment (the "**Operating Assets**") and products, supplies, and services that you purchase or lease for use in your AR Business: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates). Currently, we and our affiliates are not approved vendors for any items, however, we or our affiliates can be an approved supplier or the only supplier of approved items. David Bloom, our Chief Science Officer, owns an interest in nzymSys, Inc. which is our preferred provider of disinfectant and mold remediation products. Other than David Bloom and nzymSys, Inc., no franchise officer owns an interest in any other supplier.

We may, at any time, change, delete, add to or modify any of our standards and specifications or suppliers or service providers. These changes, deletions, additions or modifications may require additional expenditures by you. We will notify you in our Manuals or other communications of any changes to our System Standards or approved suppliers or service providers.

If you would like to offer products or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We may specify in the Manual, but are not required to, our criteria for approving suppliers, service providers, or particular items. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our headquarters to evaluate the proposed supplier or service provider in person. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. The products and services that we approve for you to use in your AR Business may differ from those that we permit or require to be offered in other AR Businesses.

We reserve the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you must cease purchasing or leasing the formerly- approved item or service or any items or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct.

We may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any request for alternative suppliers for any reason, including that we have already designated an exclusive source (which may be us or our affiliates) for any particular item or service if we believe doing so is in the best interest of our franchise system.

# **Revenues and Payments from Required Purchases.**

Neither we nor our affiliates currently derive revenue or other material consideration as a result of Area Representatives' required purchases or leases. In the future, we or our affiliates may derive revenue or other benefits based on your purchases and leases, including from charging you for products and services we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our Area Representatives. We and our affiliates may use all amounts received from you or suppliers and/or distributors, whether or not based on your or other Area Representatives' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate.

Area Representatives may receive a payment based on the products sold to our franchisees by us or by our affiliates.

# Magnitude of Purchases

The Operating Assets, products, and supplies required to be purchased or leased in accordance with our specifications represent about 5% of your total purchases to open your AR Business and about 5% of your total purchases to operate the AR Business.

# **Cooperatives**

Currently there are no purchasing or distribution cooperatives. We and our affiliates may negotiate supply and/or discount arrangements with suppliers for the benefit of our franchisees, but we are not required to do so. We do not provide material benefits to you as a result of your making purchases from approved suppliers.

# **Insurance Specifications**

At your sole expense, you must procure within 60 days of the Effective Date of your AR Agreement and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. your policies must list the legal entity owning the Area Representative Business as well as the d/b/a Green Home Solutions and must provide for at least 10 days advance written notice to us before any policy may be materially modified, cancelled or allowed to expire. In addition, all policies (except any workers' compensation insurance) also must name us, OnAxis Franchising Group, LLC, 136 School Street #286, Spring Mills, PA 16875, as an additional insured or loss payee and all must contain a waiver of all subrogation rights against us and our successors and assigns.

In addition to any other insurance that is required by applicable law, or by your lender or lessor, you must obtain:

• "All risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies, and other property used in the operation of the Area Representative Business. Your property insurance policy must include coverage for fire, vandalism, and malicious mischief and must have coverage limits of at least full replacement cost;

• Workers' compensation insurance that complies with the statutory requirements of the state (s) in which the Area of Responsibility is located and operating;

• Comprehensive general liability insurance against claims for bodily and personal injury, death, and property damage caused by, or occurring in conjunction with, the operation of the Area Representative Business, or your conduct of business under the AR Agreement, with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate or, if higher, the statutory minimum limit required by state law;

• Business interruption insurance in amounts and with terms acceptable to us;

• Automobile liability insurance for owned or hired vehicles, with a combined single limit of at least \$1,000,000 or, if higher, the statutory minimum limit required by state law;

• Cyber liability insurance first and third-party, at least \$500,000 per occurrence;

• Errors and Omissions policy with a single limit of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and

• All insurance as necessary to provide coverage under the indemnity provisions in the AR Agreement.

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

Your obligation to obtain and maintain the required policies is not limited in any way by reason of any insurance that we maintain, nor will your obtaining the required insurance relieve your of liability under the indemnity provisions in the AR Agreement. You must provide, annually, certificates of insurance showing compliance with the insurance requirements.

If you fail to maintain the required insurance, we have the right (but not the obligation) to immediately procure this insurance coverage and to charge the premiums to you, along with a reasonable fee for expenses we incur in the procurement. You must pay us these costs immediately on notice.

# **Computer Hardware and Software**

You may purchase your computer hardware and software from a vendor of your choice. We do not have a designated vendor for your computer hardware. You must use software we recommend. You must obtain and maintain at least one Windows based laptop with a wireless connection with the capacity to connect to the internet, process customer payments, and play videos. You may purchase these items from any supplier.

You must install on your computer system and use the most recent version of Microsoft Office Suite Professional software, approved accounting software such as QuickBooks, and Adobe Reader. You may purchase this software from any supplier. You also must subscribe to our provided CRM and POS system through our approved POS system.

# **Modifications to the System**

Changes in the market, business conditions, or other factors may occur during the term of your AR Agreement. As a result of those changes, we may make changes to the System that may include modifications to the services you must offer, required insurance policies and coverage, suppliers, specifications, and other aspects of the System. You must comply with all of the changes that we make, which may result in additional cost to you.

# <u>ITEM 9</u> FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the AR Agreement 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 AR Agreement (Note 1)   | Item in Disclosure<br>Document |
|----------------|---|------------------------------------|--------------------------------|
| (a)            | Site selection and acquisition/lease              | None                               | Items 11 and 12                |
| (b)            | Pre-opening purchases/leases                      | None                               | Items 5, 7, and 8              |
| (c)<br>require | Site development and other pre-opening ements     | None                               | Items 7, 8, and 11             |
| (d)            | Initial and ongoing training                      | Section 6.3                        | Items 6, 7, and 11             |
| (e)            | Opening   | Section 6.1                        | Item 11                        |
| (f)            | Fees  | Sections 2.3, 3.2.6, and 5         | Items 5, 6, and 7              |
| (g)<br>policie | Compliance with standards and es/Operating Manual | Sections 6, 7, and 10              | Items 8, 14, and 16            |
| (h)            | Trademarks and proprietary information            | Sections 9 and 13                  | Items 13 and 14                |
| (i)            | Restrictions on products/services offered         | Sections 6, 7, and 20              | Items 8 and 6                  |
| (j)            | Warranty and customer service requirements        | Sections 6, 7, and 10              | Item 16                        |
| (k)            | Territorial development and sales quotas          | Section 6                          | Item 12                        |
| (1)            | Ongoing product/service purchases                 | None                               | Items 8 and 11                 |
| (m)<br>require | Maintenance, appearance, and remodeling ements    | Section 6, 7 and 10                | Item 6                         |
| (n)            | Insurance   | Section 8                          | Items 6, 7, and 8              |
| (0)            | Advertising                                       | Section 6.4                        | Items 6, 7, and 11             |
| (p)            | Indemnification                                   | Section 17                         | Item 6                         |
| (q)            | Owner's participation/management/staffing         | Sections 6 and 7                   | Item 15                        |
| (r)            | Records and reports                               | Section 7                          | Item 11                        |
| (s)            | Inspections and audits                            | Sections 4.5 and 6                 | Items 6, 11, and 13            |
| (t)            | Transfer  | Section 11                         | Item 17                        |
| (u)            | Renewal   | Section 3.2                        | Item 17                        |
| (v)            | Post-termination obligations                      | Section 15 and Exhibits 4<br>and 5 | Item 17                        |

|     | Obligation                | Section in AR Agreement<br>(Note 1) | Item in Disclosure<br>Document |
|-----|---------------------------|-------------------------------------|--------------------------------|
| (w) | Non-Competition covenants | Sections 13 and Exhibits 4<br>and 5 | Item 17                        |
| (x) | Dispute resolution        | Section 19                          | Item 17                        |

# **Explanatory Notes:**

1. All references are to the AR Agreement unless otherwise noted.

# <u>Item 10</u> Financing

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

# <u>ITEM 11</u> <u>Franchisor's Assistance, Advertising, Computer Systems, And Training</u>

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

# Our Obligations Before Opening the Area Representative Business:

Before you open your AR Business, we will provide you with the following assistance:

1. We will designate your Area of Responsibility (AR Agreement Section 2.1).

2. We will loan you or provide you with access to the electronic version of one copy of our Brand Standards Manual which describes our methods of operation and includes other operational information. The Table of Contents of the Brand Standards Manual is attached as Exhibit F to this Disclosure Document. The total number of pages in the Brand Standards Manual is 157 (AR Agreement Section 10).

3. We will provide initial training for you and your designated manager (AR Agreement Section 4.1).

# Our Obligations During Operation of the Area Representative Business:

During the operation of your AR Business, we will provide you with the following assistance:

1. We will use our best efforts to promptly process all applications made by prospective franchisees that you forward to us for our approval. Your prospects must meet our educational, professional, managerial, business, financial, and other qualifications that we periodically require for new franchisees (AR Agreement Section 4.2).

2. Franchisor will provide initial training to each new System franchisee, or the Designated Manager, with Area Representative's participation as Franchisor determines after consultation with Area Representative (AR Agreement Section 4.3).

3. We will provide for the collection of and distribution to you of your share of the Net Initial Franchise Fees, and we will distribute to you, your applicable percentage of the price of "qualified commissionable" products franchisees in your Area of Responsibility purchase, transfer fees and renewal fees received from each franchisee operating in your Area of Responsibility (AR Agreement Section 4.4). The products that qualify as commissionable are in our sole discretion.

4. We will continue our efforts to maintain high standards of quality, professionalism and service of the Green Home Solutions Franchise System, and to that end, may conduct inspections of any business premises you operate and closely monitor your promotional efforts and service efforts, which may include, without limitation, contacting prospective and existing franchisees and monitoring your and your employees' sales presentations (AR Agreement Section 4.5).

# Computer System:

You must obtain and maintain at least one Windows based laptop with a wireless connection with the capacity to connect to the internet, process customer payments, and play videos. You may purchase these items from any supplier. We anticipate the cost of the required computer system to be between \$1,000 and \$2,000.

You must install on your computer system and use the most recent version of Microsoft Office Suite Professional software, approved accounting software such as QuickBooks, and Adobe Reader. You may purchase this software from any supplier. You must obtain upgrades and/or updates of the software no more than one time per calendar year. You also must subscribe to our provided CRM and POS system through our approved POS system. This will allow you to prepare all standard paperwork and provides the ability to accept mobile credit card payments. You will use this system to track all your transactions. You must generate and submit to us reports, which we prescribe from any software (Franchise Agreement Sections 7.5 and 7.6). You must use the required software to optimally run your business. We have the right to modify our software requirements, without limitation, at any time and any modification may require you to obtain and maintain new or additional software, all at your sole expense.

You must obtain independent software and support for each of the computer hardware and software requirements and recommendations listed.

We reserve the right to change or to require you to upgrade or update the Computer System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We are not required to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. We anticipate the annual cost for you to maintain, repair or update the Computer System will be between \$100 and \$500. We have independent, unlimited access to the information generated by the Computer System. We also have the right to use that information for the benefit of our franchise system in any manner we choose. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing any software license agreement or similar document that we or our affiliates require to regulate your use of, and our and your respective rights and responsibilities concerning, the software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the franchise term. We do not currently require you to license any proprietary software from us or from our affiliates; however, we reserve the right to do so in the future.

# Advertising:

#### Local Advertising

You must spend at least \$12,000 per year for advertising and marketing in the Area of Responsibility in tactics mutually agreed on by you and us (AR Agreement Section 6.4.7). Once you have achieved 80% of your total cumulative number of Franchised Businesses to be sold, the minimum advertising requirement is no longer required.

### Brand Marketing Fund

As an Area Representative, you are not required to contribute to any brand marketing fund.

#### Our Control Over Your Advertising

To promote a standard and professional marketing approach to the public, you may only use advertising and marketing materials that we have provided to you or that we have approved in advance. All advertising materials that we provide to you to promote your AR Business and the System generally are our property and we claim copyright protection over them (AR Agreement Section 6.4.2).

#### Advertising Cooperatives

There currently is no advertising cooperative in place for the franchise system, nor do we have the authority to form an advertising cooperative or to require you to contribute to or participate in an advertising cooperative.

We have a Product Steering and a Brand Marketing Committee that participates in the planning and oversight of the products and marketing/advertising efforts designed for the growth of the Green Home Solutions brand. We select the committee members which include, at minimum, 5 franchisees and 3 of our representatives. The committee meets regularly and provides a stabilizing influence so that organizational concepts and directions are established and maintained with a visionary view.

Other than the Product Steering and the Brand Marketing Committee, we do not have a franchise advisory council that advises us on other policies.

#### Internet Activities

We will establish and maintain a website that provides information about the System and the products and services franchisees offer, and we have sole discretion and control over it. We also have the sole right to create interior pages on our website(s) that contain information about your business and other franchised and company owned locations.

You may not establish or maintain a separate website, splash page or other presence on the Internet. You will be provided a single URL (landing page) that is an interior page of our website(s). You will be permitted to change or modify content of selected areas of this landing page with our prior approval. You may not establish a separate website presence through any internet or social networking site in connection with the operation of your AR Business, including, but not limited to, Facebook, LinkedIn, Pinterest, Google Business Profile (Google My Business), TikTok, Twitter, Instagram, Yelp, YouTube, or any other social sharing or social networking platform that uses any variation of the Marks or references the System. We will own the pages, Marks, and assets associated with the accounts and you will be allowed to operate and post content to those pages as an administrator. We will operate a single corporate Twitter, LinkedIn, YouTube, Pinterest, and Instagram account with no other associated accounts using our marks or content permitted.

#### **Opening:**

### Site Selection

You may operate your AR Business from premises that you own or lease. You may operate the AR Business from a home office. You must locate your business within your Area of Responsibility. We will not unreasonably withhold our consent to your proposed location, but we will not provide any direct site selection assistance to you, and we will not review your lease. We do not provide any assistance to you with the construction, remodeling, or review of your plans for the construction or remodeling of the proposed site. We will evaluate your proposed location within 2 weeks of your submission to us of a completed site approval package. The factors that we will consider in approving your site include: (i) whether the proposed location has sufficient space for your business; (ii) whether the proposed site has sufficient capacity for telephone and data lines; and (iii) whether the proposed site is consistent with our System Standards as those standards may be modified from time to time. Our approval of a proposed location for your AR Business is not a representation or warranty of any kind, express or implied, that the site is suitable for the business, only that it meets our general criteria.

We estimate that the length of time between signing of the AR Agreement or the first payment of consideration for the AR Business and the start of operation is about 30 to 90 days. If we cannot agree on a mutually acceptable site for your AR Business within the Area of Responsibility within 90 days of signing the AR Agreement, we may terminate the AR Agreement. Factors that may impact your ability to open within that time period include obtaining any required licenses or permits, zoning, and other factors. We will grant reasonable extensions of time if the delay in opening is due to factors beyond your reasonable control.

# Initial Training:

We will provide you and your manager, a total of up to 2 people, with initial training for the dayto-day management and operation of a Green Home Solutions Franchise. We may elect to train you in another location outside of your Area of Responsibility or we may use virtual meeting technology. We also may require additional training at your expense to be completed if certain performance criteria are not being met. Before you open your AR Business, you must complete this training to our satisfaction (AR Agreement Section 4.1).

Initial training is mandatory for you (if an individual; if an entity, the entity's controlling member or shareholder), or your manager. Any new or replacement manager must attend and complete the initial training to our satisfaction. You must pay for initial training for replacement managers at our then current rate which is currently \$500 per day.

You must pay for all the costs of travel you and your employee(s) incur during your initial training. You must pay for all additional training fees plus all the costs of travel, lodging, and meals you and your employee(s) incur during any additional training if you receive training elsewhere. You must pay for all our costs of travel, lodging, meals, and expenses incurred, plus any training fee, if we train you at your location.

The initial training will include the following topics:

- Phase 1: You must complete the ACAC Certification Program (30 Hours).
- Phase 2: You must attend the Franchisee Certification Program.

| Phase 1: Online ACAC Certification (4 Days) |                       |                               |          |
|---|-----------------------|-------------------------------|----------|
| Subject                                     | Hours in<br>Classroom | Hours in<br>Field<br>Training | Location |
| ACAC Certification                          | 30                    | 0                             | Online   |

# FRANCHISEE CERTIFICATION PROGRAM

| Phase 2: Classroom Certification (6 Days)              |                       |                               |   |
|--|-----------------------|-------------------------------|---|
| Subject: Executive<br>Certification                    | Hours in<br>Classroom | Hours in<br>Field<br>Training | Location  |
| Introduction to Green Home<br>Solutions/Company Vision | 2                     |                               | All classroom instruction will be<br>conducted at either our corporate<br>headquarters or near a major city<br>of our choosing. Online or virtual<br>classroom may be substituted at<br>our discretion. |
| Mold Science & Remediation                             | 5                     |                               |   |
| Mold Pre-Testing & Post-<br>Testing                    | 4                     |                               |   |
| Safety Protocols & PPE                                 | 2.5                   |                               |   |
| Understanding Lab Results                              | 2                     |                               |   |
| Mold Inspection &<br>Interpretation                    | 6                     |                               |   |
| Crawl Space Encapsulation                              | 3                     |                               |   |
| Duct Cleaning  | 1                     |                               |   |
| Odor Elimination                                       | 5                     |                               |   |
| Disinfection Program                                   | 1                     |                               |   |
| Water Damage Restoration                               | 1                     |                               |   |
| Marketing Support and Best<br>Practices                | 4                     |                               |   |
| Total  | 36.5                  | 0                             |   |

| Phase 2: Designated Certification Location: (5 Days) |                       |                               |  |
|--|-----------------------|-------------------------------|--|
| Subject  | Hours in<br>Classroom | Hours in<br>Field<br>Training | Location   |
| Mold Remediation                                     |                       | 6                             | All designated Certification will be<br>performed at assigned Green Home<br>Solutions field Certification<br>facilitator's franchise facility or at<br>approved location Operation<br>Manager designates |
| Mold Inspection                                      |                       | 5                             |  |
| Pre-Testing/Post Testing                             |                       | 3                             |  |
| Bids & Site Surveys                                  |                       | 4                             |  |
| Safety Protocols & PPE                               |                       | 2                             |  |
| Combining Services                                   |                       | 2                             |  |
| Sales Process  |                       | 6                             |  |
| Best Practices Protocol                              |                       | 2                             |  |
| Marketing  |                       | 3                             |  |
| Networking   |                       | 3                             |  |
| Operational Certification                            |                       | 4                             |  |
| TOTAL  | 0                     | 40                            |  |

The Initial Training Program will be conducted by our corporate training staff, and as needed, third party training partners will be used. Additional on-site/field training will be provided as deemed necessary, at our discretion. The trainers will include some or all of the following individuals (and we may add additional training staff in our sole discretion):

*David Bloom:* is our Chief Science Officer. David is a graduate of the University of Connecticut, with significant post graduate work in microbiology and building sciences. He has lectured throughout the United States on indoor air quality issues and remediation. David is an ACAC (American Council for Accredited Certifications) Certified Mold Investigator, and an active member of AOAC International (Association of Analytical Communities), ACGIH (American Conference of Governmental Industrial Hygienists), and IAQA (Indoor Air Quality Association). As President of nzymSys, Inc. since 2008, he has been instrumental in the development of product formulations and processes for microbial removal, biogas desulfurization, H2S emission reduction at landfill sites, and odor neutralization at various trash to energy facilities and food processing plants. David has developed Green Home Solutions protocols and procedures for a novel method of mold and bacteria remediation and provides technical support for our franchisees.

*Dennis Oligino*: is our National Technical Advisor. Dennis has had diverse career following his graduation from the University of Bridgeport with a B.S. degree in business administration and a minor in finance. He has worked in manufacturing and corporate settings before switching to the financial services sector. In that position, he was a Registered Representative, and held Series 7 and 63 licenses. Most recently, Dennis

served as Director of Business Development for a mold remediation firm with which he had a 12-year association. He is certified by the American Council for Accredited Certification as a Council-certified Indoor Environmental Consultant.

Designated Certification facilitators may include the following (list is subject to change as requirements dictate):

*Dave Robles:* Mr. Robles has been a Green Homes Solutions franchisee for over 3 years and has previously been a corporate franchise trainer for Wireless Zone franchisees for over 7 years. He has been an Area Representative since April 2015.

*Brian Brady:* Mr. Brady has been a Green Home Solutions multi-unit owner since September 2015. He has been an Area Representative since October 2014.

*Charles Clark:* Mr. Clark has been a Green Home Solutions multi-unit Owner since January 2019. He has been an Area Representative since June 2020.

David Warren: Mr. Warren has been Green Home Solutions Area Representative since January 1, 2023.

*Glen Snyder*: Mr. Snyder has been the Chief Development Officer for Green Home Solutions since May 2016. He provides training in Franchise Sales and Development with over 20 years in the franchising industry.

*Andy Brady*: Mr. Brady has been a Green Home Solutions multi-unit owner since October 2019. He has been an Area Representative since December 2022.

The Brand Standards Manual will be used as the principal instructional material. We anticipate that we will conduct the Initial Certification Program on a bi-monthly basis, or at any other intervals as the number of trainees require.

You are responsible for making sure that your personnel are properly trained to our standards and requirements. Failure to complete the initial training to our satisfaction may, in our option, result in: (i) the termination of the AR Agreement; or (ii) the requirement for you to designate a replacement manager within 30 days, who must successfully complete the initial training to our satisfaction.

We may hold an Annual Convention, mid-year meeting, and quarterly meetings at locations we select. We will determine the topics and agenda for conferences and meetings to serve the purpose, among other things, of updating any new developments affecting franchisees, exchanging information between franchisees and our personnel regarding business operations, and recognizing franchisees for their achievements. You must attend or send a manager to attend the Annual Convention and to pay our thencurrent registration fee. If we charge a registration fee for the Annual Convention, you must pay the fee regardless of whether you attend. You must pay all expenses, including your and your manager(s)' transportation to and from the Annual Convention and any meetings, and lodging, meals, and salaries during the Annual Convention and any meetings.

We may offer additional training programs and/or refresher courses to you, or your manager(s) as we deem appropriate. We will determine the duration, frequency, and curriculum of any additional or refresher training programs, which will take place at least every two years at a location and on a date we chose in advance. Additional training may be required at our discretion. The programs will vary, depending on your needs, the needs of other franchisees and the System at the time the program is offered. We may require you and your managers' attendance at these programs. You must pay for you and your managers' travel, meal, lodging and payroll expenses while attending our additional training programs. We have the right to charge a fee for additional on-site training programs that you request, up to our current fee of \$500 or the then-current rate per day per person.

# <u>Item 12</u> Territory

You will receive an Area of Responsibility in which you must sell and support a stated number of Green Home Solutions Franchised Businesses during the term of the AR Agreement. We determine the boundaries of the Area of Responsibility based on a variety of factors, including population, proximity to competitors, proximity to other franchisees and natural, physical, or political boundaries. An Area of Responsibility will typically have a capacity for a minimum of 20 franchised units with a minimum population of 3 million people and up to about 15 million based on US Census data.

You may not solicit for prospective System franchisees to develop Franchised Businesses outside of your Area of Responsibility, however, you may solicit prospective franchisees that reside outside of the Area of Responsibility, to develop a Franchised Business within your Area of Responsibility. You may not, however, use other channels of distribution, such as the internet, catalogue sales, telemarketing, or other direct marketing to make sales outside your territory.

Provided you are in compliance with the terms of the AR Agreement, including the Development Schedule, we will not offer Area Representative rights to any other person or entity in the Area of Responsibility. Should you fail to meet the Development Schedule, we have the right to terminate your territorial exclusivity or terminate your AR Agreement.

You may operate your AR Business from a location within the Area of Responsibility that meets our requirements. You do not have a contractual right to relocate your AR Business.

We reserve the right to use alternative methods of distribution, including the internet, to locate prospective Green Home Solutions Franchisees within your Area of Responsibility, under our principal trademark or different trademarks.

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 retain all rights that are not expressly granted to you under the AR Agreement. The license granted to you under the AR Agreement does not include (i) any right to offer any product or service via e-commerce; (ii) any right to establish an independent website or to establish a URL incorporating any of the Marks or variations of the Marks; or (iii) any right to distribute, market, or implement our products and services in any channel of distribution or other manner not specifically authorized in the AR Agreement. Further, we reserve the right, among other things, on any terms we deem advisable, without compensation to any franchisee, and without granting you any other rights:

(1) To solicit prospective franchisees and grant other persons franchises, or other rights to operate Green Home Solutions businesses: (x) through national or regional advertising, trade shows or conventions, or through the Internet, Intranet, or other forms of e-commerce or through similar means (but as we deem appropriate we will refer leads from within your Area of Responsibility to you); or (y) anywhere outside of the Area of Responsibility; and/or (z) sell franchises to prospects who we have developed to own a franchise in the Area of Responsibility as long as we compensate you as otherwise required by the AR Agreement;

(2) To develop and establish other franchise or licensed systems for the same or similar products or services using any trademarks or service marks other than the Marks and to grant franchises and/or licenses thereto without providing the Area Representative any right therein;

(3) To periodically designate in the Brand Standards Manual or elsewhere, National Accounts. We have the right to negotiate and enter into agreements to provide services the same as or similar to those offered by franchisees, to any business that owns, manages, controls, services or otherwise has responsibility for the maintenance of facilities or properties that may be located in the Area of Responsibility. Royalties received on National Account revenues will be split according to your AR Agreement;

(4) To operate, and to grant others the right to operate Green Home Solutions Franchised Businesses located anywhere outside your Area of Responsibility under any terms we deem appropriate and regardless of proximity to your business location;

(5) To use alternate channels of distribution such as direct mail, catalogue sales, telemarketing, and the internet both within and outside of your Area of Responsibility to sell or distribute products under the Marks or under other trademarks or service marks, as long as the sales are not made to Green Home Solutions franchisees located in the Area of Responsibility;

(6) To acquire the assets or ownership interests of one or more businesses providing services similar to those provided by Green Home Solutions businesses, and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Area of Responsibility);

(7) To be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided by Green Home Solutions businesses, even if that business operates, franchises and/or licenses competitive businesses in your Area of Responsibility; and

(8) To place reasonable restrictions on the customers a franchisee (including franchisees located in the Area of Responsibility) may serve within its territory, based on our reasonable assessment of that franchisee's ability to provide services to those customers.

You must meet or exceed the Development Schedule for the sale of Green Home Solutions franchises. You must replace any franchise that terminates, expires, or otherwise closes so that you maintain the number of franchises required by the Development Schedule. If you do not comply with the Development Schedule, we may terminate your territorial exclusivity rights in the Area of Responsibility or terminate the AR Agreement.

We do not offer rights of first refusal or similar rights to Area Representatives to acquire additional Area of Responsibilities.

#### ITEM 13 TRADEMARKS

We grant you the right to operate your AR Business under the service mark "GREEN HOME SOLUTIONS" and to use other marks we designate under the Green Home Solutions System. We will grant you a license to use the marks we designate, and you will use them in compliance with the requirements of the Green Home Solutions System and in accordance with the requirements outlined below.

We own the following Marks, which are registered with the United States Patent and Trademark Office ("USPTO"):

| MARK                    | <u>REGISTRATION</u><br><u>DATE</u> | REGISTRATION<br>NUMBER | <u>REGISTRY</u> |
|-------------------------|------------------------------------|------------------------|-----------------|
| GREEN HOME<br>SOLUTIONS | May 26, 2020                       | 6,061,864              | Principal       |
| GREEN HOME<br>SOLUTIONS | July 15, 2014                      | 4,570,179              | Supplemental    |
| WE MAKE AIR BETTER      | January 29, 2019                   | 5,667,370              | Principal       |
| WE MAKE AIR BETTER      | April 23, 2019                     | 5,734,771              | Principal       |
| Green Home<br>SOLUTIONS | February 12, 2019                  | 5,675,658              | Principal       |
| Green Home              | January 16, 2018                   | 5,377,612              | Principal       |

All required affidavits have been filed with the USPTO and Mark 4,570,179 has been renewed.

See Item 1 for a description of an agreement that we have entered into that limits our rights to use the Marks. With the exception of the MOA, there are no agreements currently in effect that significantly limit our right to use or license the use of the Marks in any manner material to you.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material Federal or state court litigation, involving the Marks that are relevant to their use by our franchisees. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of a trademark to protect the Marks.

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

We place certain controls on your use of the Marks and the use of any other marks we may designate. You have no right, title, or interest in or to the System, including the Marks, or the associated goodwill, except the limited revocable non-exclusive license to use the System as shown in the Franchise Agreement. You must use and display the Marks only in relation to the operation of the Franchised Business and as we approve or direct unless we authorize you, in writing, to use the Marks otherwise. You

must apply the "®" symbol to all registered marks, the "TM" or "SM" symbols to all non-registered trademarks and service marks, respectively, and the "©" symbol to all copyrighted material, as we direct. Your use of the Marks, and all goodwill related to your use of them, inures to our benefit. You must sign all documents we deem necessary to protect the Marks.

Unless we expressly authorize you to do so in writing, you will not: (i) use or register any of the Marks, any part of any of the Marks, or anything confusingly similar to any of the Marks, as part of the name of the AR Business, except that you will file a Fictitious Name registration of a name we approve, with the appropriate county or state authority that includes the mark "GREEN HOME SOLUTIONS" and will operate your AR Business using the mark "GREEN HOME SOLUTIONS" as the principal name of the AR Business; (ii) use or register any of the Marks, or any part of any of the Marks, or anything confusingly similar to any of the Marks, as part of any Internet domain name or similar name; (iii) use any trademark, service mark, or other identifying characteristic in the operation of your AR Business, other than the Marks; (iv) offer or sell unauthorized services or products under the Marks; (v) use any of the Marks in any manner that may injure or disparage us or our reputation; or (vi) take any other action that would harm or jeopardize any of the Marks, or our ownership of any of the Marks, in any way.

You must: (i) identify yourself as an independent franchisee of ours in all public records that allow such identification; (ii) place on your business forms and checks the legend "An Independent Franchisee of Green Home Solutions," or similar language we specify; and (iii) post in a public location in your office, a sign stating that:

This Green Home Solutions office is independently owned and operated by [your full name] under an Area Representative agreement with OnAxis Franchising Group, LLC [our then current address], [our then current telephone number].

You must notify us promptly when you learn about an infringement of or challenge to your use of any of the Marks. We have the absolute right to take the action we think appropriate. You must not, under any circumstances, start any legal action relating to the Marks without first obtaining our written consent to do so.

If it becomes advisable at any time for us and/or you to modify or discontinue using any of the Marks and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses you incur in changing signage, for printing, for the loss of revenue due to any modified or discontinued mark, or for your expenses of promoting a modified or substitute trademark or service mark.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the AR Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the AR Agreement, you must pay for the defense or reimburse us for the costs we incurred in providing the defense, including the cost of any judgment or settlement. In any litigation relating to your use of the Marks, you must sign all documents to assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. We have the right to control any litigation or proceedings involving the Marks. Except to the extent that litigation is the result of your use of the Marks in a manner inconsistent with the terms of the AR Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

On expiration or termination of the AR Agreement, your rights to use the Marks terminate automatically.

# <u>ITEM 14</u> PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to your AR Business.

We claim common law rights and copyright protection in the System as well as a number of other items you will use in the operation of your AR Business, including our Confidential Brand Standards Manual, and certain other materials and information related to the Green Home Solutions System, including our marketing and training materials, our methods for operating your AR Business, and our specifications, marketing techniques, advertising programs, advertising strategies, expansion plans and other information we create or use. You may use these items only as we specify while operating your AR Business (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the System's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Brand Standards Manual and other materials contain confidential and proprietary information, some of which constitutes trade secrets under applicable law. This information includes, but is not limited to, training and operations materials, know-how, trade secrets, methods, processes, designs, plans, reports, customer lists, formats, specifications, systems, standards, sales marketing techniques, ideas, inventions, knowledge, and experience used in developing the Green Home Solutions System. You may not use or disclose our confidential and proprietary information in an unauthorized manner. You must take reasonable steps to prevent unauthorized disclosure to others and use non-disclosure and non-competition agreements with those having access. We have approval rights over the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

# **ITEM 15**

# OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATIONS OF THE FRANCHISE BUSINESS

Under the AR Agreement, you must either: devote your full time and best efforts to the development of the Area of Responsibility during the term of this Agreement; or employ a full-time manager that we approved who will refrain from any other employment and/or conducting any other business ("Manager" or "Designated Manager"). Your Manager must dedicate its full time and best efforts to the management and operation of the AR Business and must successfully complete our initial Green Home Solutions Certification Program. The Manager is not required to own an equity interest in the AR Business.

You must maintain adequate staffing levels to properly support the franchisees in the Area of Responsibility. You must maintain at least one full-time support staff person for each 25 franchised businesses, not including franchise units you own or operate, in the Area of Responsibility.

You must at all times keep us advised of the identity of your Manager. We may deal with the Manager on the day-to-day operations of and reporting requirements for the AR Business. You must hire all personnel for your AR Business and are solely responsible for the terms of their work, training, compensation, management, and oversight. We require you to obtain confidentiality and non-competition agreements, on a form that we have approved, from all of your personnel that have access to our Confidential Information, including you and your Manager.

Also, you or a principal (if you are a partnership, limited liability company, or corporation) must oversee the maintenance of all accounting records, submit all weekly and/or monthly reports and balance sheets and income statements required under your AR Agreement, and submit to us copies of your annual federal, state and city income tax returns that relate to the operation of your AR Business.

If you are a business entity, we require that each of your Owners, partners, shareholders, or members (and, if you are an individual, immediate family members) (i) provide us with financial information that we may reasonably require, and (ii) sign our standard Guaranty and Non-Disclosure and Non-Competition Agreement (See our Personal Guaranty of Area Representative's Principal Owners that is attached as Exhibit 3 to the AR Agreement and our Personal Covenants and Confidentiality Agreement that are attached as Exhibit 4 and Exhibit 5, respectively, to the AR Agreement).

# ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell franchises, products, or services that we specify in the Brand Standards Manual or in any other written communication to you. You may not offer or sell franchises, products, or services for or in connection with a business similar to Green Home Solutions businesses.

We may modify the System, including adding types of services that you must offer at our sole discretion and will provide you with reasonable notice of any changes. You must add to, delete from, or modify the services you offer as we deem appropriate. There is no limit to the number or the type of changes we may make.

You may not provide any services that, in our sole discretion, may present a conflict of interest with any Green Home Solutions franchise, including all ownership and/or operation of any type of similar service we offer.

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

# THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the AR Agreement and related agreements. You should read these provisions in the Agreement in Exhibit C in this Disclosure Document.

| Provision                           | Section in<br>AR Agreement | Summary  |
|-------------------------------------|----------------------------|--|
| a. Length of the term               | 3.1                        | Initial Term is for 10 years.  |
| b. Renewal or extension of the term | 3.2                        | You may renew your franchise for one additional 10-year<br>term. On the grant of a renewal AR Agreement, you will<br>sign our then current AR Agreement, which may be<br>materially different. |

| Provision                  | Section in          | Summary   |
|----------------------------|---------------------|---|
|                            | <b>AR Agreement</b> |   |
| c. Requirements for Area   | 3.2                 | Give us timely notice; are not in default of the AR         |
| Representative to renew or |                     | Agreement or in any agreement between you, your             |
| extend                     |                     | affiliates, and us or our affiliates; sign the then-current |
|                            |                     | AR Agreement (which may be materially different from        |
|                            |                     | the original AR Agreement) with a new Development           |
|                            |                     | Schedule, sign a release of claims against us; meet all     |
|                            |                     | then-current training requirements; and pay the Renewal     |
|                            |                     | Fee.  |
| d. Termination by Area     | 14.1                | We have at least 60 days to cure our breach after you       |
| Representative             |                     | notify us. If we do not cure, or promptly undertake and     |
|                            |                     | continue efforts to cure after 60 days, you may terminate   |
|                            |                     | the AR Agreement.   |
| e. Termination by          | None                | We do not have the right to terminate without cause.        |
| Franchisor without cause   |                     |   |
| f. Termination by          | 14.2                | We can only terminate the AR Agreement with cause.          |
| Franchisor with cause      |                     |   |
| g. "Cause" defined –       | 14.3                | Failure to maintain required insurance (10 days); any       |
| curable defaults           |                     | other default not stated in h. below (30 days)              |

| Provision                                     | Section in           | Summary  |
|---|----------------------|--|
| h. "Cause" defined – non-<br>curable defaults | AR Agreement<br>14.2 | Fail to satisfactorily complete training; make any<br>material misrepresentation or omission in your<br>application for the Area Representative Business; are<br>convicted of or plead no contest to a felony or other<br>crime or offense that is likely to adversely affect the<br>reputation of us, the System or any Franchised Business;<br>after notices to cure, fail to refrain from activities,<br>behavior or conduct likely to adversely affect the<br>reputation of us, the System or any Franchised Business;<br>use in an unauthorized manner any portion of the<br>Manual, Trade Secrets, or any other Confidential<br>Information; if we require, fail to have any holder of a<br>legal or beneficial interest in Area Representative, and<br>any officer, director, executive, or manager of Area<br>Representative, sign a confidentiality agreement and a<br>covenant not to compete; abandon, fail, or refuse to<br>actively operate the Area Representative Business for 5<br>or more consecutive days; transfer control of the<br>operation of the Area Representative Business without<br>our approval; are adjudicated as bankrupt, become<br>insolvent, commit any affirmative act of insolvency, or<br>file any action or petition of insolvency; misuse the<br>Marks or commit any other act that can reasonably be<br>expected to impair the goodwill associated with any of<br>the Marks; fail on 2 or more occasions within any 12<br>consecutive months to submit reports or other<br>information or supporting records when due; fail to<br>comply with any applicable law or regulation within 10<br>days after being given notice of noncompliance; within<br>any consecutive 12-month period, on 3 occasions: (a) fail<br>to comply with mandatory specifications, customer<br>service standards or operating procedures prescribed in<br>the Manual, or (b) breach this Agreement, whether or not<br>previous breaches or failures referenced in clause (a) or<br>(b) are cured; if you accept any payments from System<br>Franchisees in violation of the AR Agreement; if you<br>commit any default under any Franchise Agreement<br>between you or your affiliate and us and fail to cure the<br>default; |

| Provision  | Section in<br>AR Agreement | Summary  |
|--|----------------------------|--|
| i. Area Representative's<br>obligations on termination/<br>non-renewal                                     | 15                         | You must: stop operating the AR Business; stop using<br>any trade secrets, confidential information, the System<br>and the Marks; pay all sums owed to us including<br>damages and costs incurred in enforcing the AR<br>Agreement; return the Brand Standards Manual, trade<br>secrets and all other confidential information; comply<br>with the covenants not to compete and any other<br>surviving provisions of the AR Agreement.   |
| j. Assignment of contract by Franchisor  | 11.1                       | No restriction on our right to assign.   |
| <ul><li>k. "Transfer" by Area</li><li>Representative - defined</li><li>1. Franchisor approval of</li></ul> | 11.2                       | "Transfer" includes transfer of an interest in the AR<br>Business, the AR Agreement; or the equity in you.<br>You may not transfer without our prior written consent.  |
| transfer by Area<br>Representative   |                            | You may not transfer the AR Business for the first two years.  |
| m. Condition for<br>Franchisor approval of<br>transfer<br>n. Franchisor's right of                         | 11.2.2                     | Transferee/assignee meets our then-current financial and<br>educational requirements for new Area Representatives;<br>transferee/assignee attends and successfully completes<br>our next Area Representative initial training; all accounts<br>of both transferee/assignee and you must be paid in full;<br>if we request, you must train transferee/assignee for two<br>months before and after the transfer; you or<br>transferee/assignee pays a transfer fee to us of 10% of the<br>Initial Area Representative Fee paid or \$7,500,<br>whichever is greater; you sign a general release in our<br>form; you pay us 10% of the sale price of your Area<br>Development Business if we secure a purchaser for you;<br>you reimburse us for any other broker fee we pay; and<br>transferee/assignee does not have an interest or be<br>engaged in a competitive business.<br>We have 45 days to exercise our right to purchase your |
| first refusal to acquire<br>Area Representative's<br>Business  |                            | business if you have an offer to buy your business.  |
| o. Franchisor's option to<br>purchase Area<br>Representative's Business                                    | Not Applicable             | Not Applicable   |
| p. Death or disability of<br>Area Representative   | 11.7                       | Following the death or incapacity of an Owner of the AR<br>Business or the death or incapacity of any holder of a<br>legal or beneficial interest in the AR Business, your or<br>his or her representative must transfer, subject to the<br>terms of the AR Agreement, the individual's interest in<br>the AR Business within 90 days of death or incapacity or<br>we may terminate the AR Agreement.  |

| Provision   | Section in   | Summary   |
|---|--------------|---|
|   | AR Agreement |   |
| q. Non-Competition<br>Covenants during the term                                       | 13.3.1       | No direct or indirect involvement in a competing business.<br>The term " <b>Competitive Business</b> " means any business   |
| of the AR Agreement   |              | that provides light commercial and residential mold<br>cleaning, odor control or other services that are offered as<br>part of the System, or in any business that grants franchises<br>or licenses to others to operate such a business other than<br>a Green Home Solutions Business operated under a<br>Franchise Agreement or AR Agreement with us. You must<br>not divert any business from your AR Business or from us. |
| r. Non-Competition<br>Covenants after the AR<br>Agreement is terminated<br>or expires | 13.3.2       | For two years after the termination or expiration of the<br>AR Agreement, you and the other individuals we specify<br>are prohibited from: owning or working for a<br>Competitive Business within the Area of Responsibility<br>or within 25 miles of the Area of Responsibility, or in the<br>territory of any other Green Home Solutions Franchisee<br>or Area Representative as of the date of termination.                |
| s. Modification of the AR<br>Agreement  | 10; 20       | The AR Agreement can be modified only by written<br>agreement between you and us. We may modify the<br>Brand Standards Manual without your consent if the<br>modification does not materially alter your fundamental<br>rights.   |
| t. Integration/merger<br>clause   | 18.7         | Only terms of the AR Agreement are binding (subject to<br>state law). Nothing in the AR Agreement or in any related<br>agreement is intended to disclaim the representations we<br>made in the Disclosure Document. Any representations or<br>promises outside of the Disclosure Document and AR<br>Agreement may not be enforceable.   |
| u. Dispute resolution by arbitration or mediation                                     | 19           | Except for certain claims, all disputes are subject to<br>binding arbitration in State College, Pennsylvania or in<br>the county of our principal office.   |
| v. Choice of forum  | 19.7         | Subject to arbitration requirements. We have the right to<br>seek injunctive relief and you agree to be subject to the<br>exclusive jurisdiction of the Centre County, Pennsylvania<br>Courts or the nearest Federal District Court to our<br>principal office (subject to state law).  |
| w. Choice of law  | 19.11        | Except for the Federal Arbitration Act and other federal law, Pennsylvania law governs (subject to state law).  |

A provision in your AR Agreement that terminates the AR Agreement on your bankruptcy may not be enforceable under Title 11, Businesses States Code Section 101 *et seq.* 

#### ITEM 18 PUBLIC FIGURES

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

#### ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a Franchisor to provide information about the actual or potential financial performance of its AR Businesses, franchises 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: (i) a Franchisor provides the actual records of an existing outlet you are considering buying; or (ii) 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 an Area Representative'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 such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Controller, Traci Frey, 136 School Street, #286, Spring Mills, PA 16875; 800-SOLUTIONS, the Federal Trade Commission, and any appropriate state regulatory agencies.

## <u>ITEM 20</u> Outlets And Area Representative Information

| TABLE NO. 1  |
|--|
| SYSTEMWIDE AREA REPRESENTATIVE OUTLET SUMMARY FOR YEARS 2020 TO 2022 |

| Outlet Type       | Year | Outlets at the<br>Start of the<br>Year | Outlets at the<br>End of the Year | Net Change |
|-------------------|------|--|-----------------------------------|------------|
|                   | 2020 | 6                                      | 7                                 | 1          |
| Franchised        | 2021 | 7                                      | 6                                 | -1         |
|                   | 2022 | 6                                      | 5                                 | -1         |
| Commony           | 2020 | 0                                      | 0                                 | 0          |
| Company-<br>Owned | 2021 | 0                                      | 0                                 | 0          |
| Owned             | 2022 | 0                                      | 0                                 | 0          |
|                   | 2020 | 6                                      | 7                                 | 1          |
| Total Outlets     | 2021 | 7                                      | 6                                 | -1         |
|                   | 2022 | 6                                      | 5                                 | -1         |

## TABLE NO. 2 TRANSFERS OF OUTLETS FROM AREA REPRESENTATIVES TO NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE) FOR YEARS 2020 TO 2022

| State      | Year | Number of<br>Transfers |
|------------|------|------------------------|
|            | 2020 | 0                      |
| All States | 2021 | 0                      |
|            | 2022 | 0                      |
|            | 2020 | 0                      |
| TOTAL      | 2021 | 0                      |
|            | 2022 | 0                      |

# TABLE NO. 3STATUS OF AREA REPRESENTATIVE OUTLETS FOR YEARS 2020 TO 2022

| State             | Year | Outlets<br>at Start<br>of Year | Outlets<br>Opened | Terminations | Non-<br>Renewals | Reacquired<br>by<br>Franchisor | Ceased<br>Operations-<br>Other<br>Reasons | Outlets<br>at End<br>of Year |
|-------------------|------|--------------------------------|-------------------|--------------|------------------|--------------------------------|---|------------------------------|
|                   | 2020 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
| $AL^{(1)}$        | 2021 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2022 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2020 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
| CT <sup>(2)</sup> | 2021 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2022 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2020 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
| HI                | 2021 | 1                              | 0                 | 1            | 0                | 0                              | 0   | 0                            |
|                   | 2022 | 0                              | 0                 | 0            | 0                | 0                              | 0   | 0                            |
|                   | 2020 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
| MA                | 2021 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2022 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2020 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
| MD <sup>(3)</sup> | 2021 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2022 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2020 | 0                              | 1                 | 0            | 0                | 0                              | 0   | 1                            |
| MN <sup>(4)</sup> | 2021 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2022 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2020 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
| RI                | 2021 | 1                              | 0                 | 0            | 0                | 0                              | 0   | 1                            |
|                   | 2022 | 1                              | 0                 | 1(5)         | 0                | 0                              | 0   | 0                            |
|                   | 2020 | 6                              | 1                 | 0            | 0                | 0                              | 0   | 7                            |
| TOTAL             | 2021 | 7                              | 0                 | 1            | 0                | 0                              | 0   | 6                            |
|                   | 2022 | 6                              | 0                 | 1            | 0                | 0                              | 0   | 5                            |

<sup>(1)</sup> One Area Representative was given the states of Alabama and Mississippi as one area.

<sup>(2)</sup> One Area Representative was given the part of the state of New York and part of the state of Connecticut as one area.

<sup>(3)</sup> One Area Representative was given the District of Columbia, the states of Maryland, South Carolina, and Virginia as one area. In addition, the state of North Carolina was transferred to this Area Representative in 2017. The state of West Virginia was added to this territory in 2021.

<sup>(4)</sup> One Area Representative was given the states of MN, IL, IA, MO, WI as one area. His AR territory is being counted here in MN.

<sup>(5)</sup> Our Massachusetts Area Representative owns territory in both Massachusetts and Rhode Island. At the start of 2022, each territory was operated under a separate AR Agreement. During 2022, the two territories were combined into one AR Agreement. As a result, we have eliminated the AR Agreement for Rhode Island, but this territory remains active under the Massachusetts AR Agreement.

TABLE NO. 4STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022

| State         | Year | Outlets<br>at Start<br>of Year | Outlets<br>Opened | Outlets<br>Reacquired<br>from<br>Franchisee | Outlets<br>Closed | Outlets<br>Sold to<br>Franchisee | Outlets<br>at End<br>of Year |
|---------------|------|--------------------------------|-------------------|---|-------------------|----------------------------------|------------------------------|
| A T T         | 2020 | 0                              | 0                 | 0   | 0                 | 0                                | 0                            |
| ALL<br>STATES | 2021 | 0                              | 0                 | 0   | 0                 | 0                                | 0                            |
| STAILS        | 2022 | 0                              | 0                 | 0   | 0                 | 0                                | 0                            |
|               | 2020 | 0                              | 0                 | 0   | 0                 | 0                                | 0                            |
| TOTAL         | 2021 | 0                              | 0                 | 0   | 0                 | 0                                | 0                            |
|               | 2022 | 0                              | 0                 | 0   | 0                 | 0                                | 0                            |

TABLE NO. 5**PROJECTED OPENINGS AS OF DECEMBER 31, 2022** 

| State      | AR<br>Agreements<br>Signed But<br>Outlets Not<br>Opened | Projected New<br>AR Outlets in<br>the Next Fiscal<br>Year 2022) | Projected Company<br>Owned Openings in<br>Next Fiscal Year<br>(2022) |
|------------|---|---|--|
| All States | 0   | 0   | 0  |
| TOTAL      | 0   | 0   | 0  |

<u>Note</u>: The information provided in this Item 20 for 2020, 2021 and January through May 2022 was provided by our predecessor.

We list our current area representatives in Exhibit E. Exhibit E also contains the names, addresses, and telephone numbers of every franchisee who had an outlet terminated, canceled, not renewed or

otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Disclosure Document issuance date.

If you buy this AR Business, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former Area Representatives that would restrict them from speaking openly with you about their experience with us.

We do not know of any trademark-specific franchisee organizations associated with the System.

#### ITEM 21 Financial Statements

Our audited financial statements for the period from June 1, 2022 through December 31, 2022 are attached as Exhibit D to this Disclosure Document. We have not been in business for 3 years or more and cannot include all financial statements required in Instructions (1)(i) and (ii) of Item 21 of the NASAA Franchise Registration and Disclosure Guidelines.

Also included in Exhibit D are our unaudited financial statements as of March 31, 2023.

Our fiscal year end is December 31.

# <u>ITEM 22</u>

#### CONTRACTS

Copies of the following agreements used in connection with the offering of a Green Home Solutions Area Representative Business are attached as Exhibits to the AR Agreement:

| Exhibit C - AR Ag | greement   |
|-------------------|--|
| Exhibit 1 -       | Area of Responsibility                                       |
| Exhibit 2 -       | Disclosure Acknowledgement Statement                         |
| Exhibit 3 -       | Personal Guaranty of Area Representative's Principal Owners  |
| Exhibit 4 -       | Personal Covenants   |
| Exhibit 5 -       | Confidentiality and Non-Solicitation Agreement for Employees |
| Exhibit 6 -       | Development Schedule   |
| Exhibit 7 -       | Release, Covenant not to Sue, and Indemnification            |
|                   |  |

#### ITEM 23 RECEIPTS

The last two pages of this Disclosure Document are detachable documents (Exhibit I) acknowledging that you received this Disclosure Document.

EXHIBIT A

# STATE ADDENDUM TO THE AREA REPRESENTATIVE DISCLOSURE DOCUMENT

#### STATE REGULATIONS AND REQUIREMENTS ADDENDUM

The following are additional disclosures for our Multistate Area Representative Disclosure Document. Various state franchise laws require us to make these additional disclosures. These additional disclosures will not apply to you unless you meet the jurisdictional requirements of the applicable state franchise registration and disclosure law independently without reference to these additional disclosures. These disclosures supplement our Disclosure Document and supersede any conflicting information contained in the main body of the Disclosure Document:

## FOR THE STATE OF CALIFORNIA

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

2. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

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

4. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

5. Item 6 Notes is amended by the addition of the following sentence:

The highest interest allowed by law in California for late payments is 10% annually.

6. Item 3, "Litigation," is amended by the addition of the following paragraph:

Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in the association or exchange.

7. Item 17 of the Disclosure Document is amended to add the following:

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

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

The AR Agreement contains a covenant not to compete that extends beyond the term of the Agreement. This provision might not be enforceable under California law.

The AR Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.

The AR Agreement requires application of the laws of a state other than the State of California. This provision might not be enforceable under California law.

The AR Agreement requires binding arbitration. The arbitration will occur at the forum indicated in Item 17 with the costs being borne by the non-prevailing party. Prospective Area Representatives are encouraged to consult legal counsel to determine the applicability of California and federal laws (including Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the AR Agreement restricting venue to a forum outside the State of California.

The following URL address is for the Franchisor's website:

#### www.greenhomesolutions.com

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT <u>www.dfpi.ca.gov.</u>

## FOR THE STATE OF HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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.

Item 5 of this Disclosure Document is amended to provide that the Initial Area Representative Fee is due when you begin operating your Area Representative Business.

# FOR THE STATE OF ILLINOIS

# Special Risks to Consider About *This* Franchise

1. Item 5 of the Franchise Disclosure Document is amended to include the following:

The Initial Area Representative Fee will be deferred and will not be due until we have completed all of our pre-opening obligations to you and you have opened for business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

2. This Agreement is governed by Illinois law if the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 (as amended) are met.

3. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

4. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

6. 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.

# ILLINOIS ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

This Addendum to the Green Home Solutions Area Representative Agreement dated ("Area Representative Agreement") between OnAxis Franchising Group, LLC ("we," "us," or "our") and \_\_\_\_\_\_\_\_\_ ("you," or "your") is entered into simultaneously with the execution of the Area Representative Agreement.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44, the Area Representative Agreement, for franchises offered and sold in the State of Illinois or to Illinois residents, is amended to include the following:

1. Section 2.3 is amended to include the following:

The Initial Area Representative Fee will be deferred and will not be due until we have completed all of our pre-opening obligations to you and you have opened for business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

2. The following sentence is added to the end of Sections 3.2.4 (Term and Renewal) and 11.2.2(g) (Transfer or Assignment by Area Representative):

815 ILCS § 705/41 (Illinois Franchise Disclosure Act) states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void."

3. The provisions of the Area Representative Agreement, and all other agreements concerning governing law, jurisdiction, and choice-of-law, will not constitute a waiver of any right conferred on you by the Illinois Franchise Disclosure Act. Illinois law will govern the Area Representative Agreement with respect to franchisees under the jurisdiction of the Illinois Franchise Disclosure Act. Consistent with the foregoing, any provision in the Area Representative Agreement that designates jurisdiction and venue in a forum outside of Illinois is void with respect to any cause of action that is otherwise enforceable in Illinois.

4. Sections 21.1 (Receipt of this Agreement and the Franchise Disclosure Document), 21.2 (Consultation by Area Representative), 21.4 (Risk) and 21.5 (No Guarantee of Success) are deleted from all Illinois Area Representative Agreements.

5. 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.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Representative Agreement.

7. Except as expressly modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect. for any reason.

ONAXIS FRANCHISING GROUP, LLC FRANCHISEE

| By:<br>Name: | By:<br>Name: |
|--------------|--------------|
| Title:       | Title:       |
| Date Signed: | Date Signed: |

# FOR THE STATE OF INDIANA

1. Item 8 of the Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), the Franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the Franchisee and the other person, other than for compensation for services rendered by the Franchisor, unless the benefit is promptly accounted for, and transmitted by the Franchisee.

2. Items 6 and 9 of the Disclosure Document are amended to add the following:

You will not be required to indemnify us for any liability imposed on us as a result of your reliance on or use of procedures or products that we required, if you used the procedures or products in the manner we required.

3. Item 17 of the Disclosure Document is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the AR Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Item 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term noncompetition covenant shall have a geographical limitation of the territory granted to Area Representative.

Item 17(v) is amended to provide that Area Representatives will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

Item 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

Item 17(w) - The provisions of the Franchise Agreement relieving both parties from liability for punitive damages will not apply to franchises offered and sold in the State of Indiana

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.

# FOR THE STATE OF MARYLAND

1. Item 5 of the Disclosure Document is amended to add the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Item 17 of the Disclosure Document is amended to add the following:

Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.

Any litigation between Franchisee and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

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

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.

# FOR THE STATE OF MINNESOTA

1. Item 5 of this Disclosure Document is amended to provide that the Initial Area Representative Fee is due when you begin operating your Area Representative Business.

2. Item 13 of the Disclosure Document is amended as follows:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

3. Item 17 of the Disclosure Document is amended as follows:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

Item 17 will not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

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.

Each provision of this addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Disclosure Document.

# FOR THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements** for you to renew or extend," and Item 17(m), entitled "Conditions for our approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

- 4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.
- 5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

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

- 6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchiser. This provision supersedes any other term of any document executed in connection with the franchise.
- 7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchise before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## FOR THE STATE OF NORTH DAKOTA

1. Item 17 of the Disclosure Document is amended to add the following:

No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under North Dakota Law.

In the case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.

The AR Agreement is amended to state that the statute of limitations under North Dakota Law will apply.

Items 17(i) and 17(q) are amended to state that covenants not to compete upon termination or expiration of the AR Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

Item 17 (u) is amended to provide that the site for mediation or arbitration must be agreeable to all parties and may not be remote from the Franchisee's place of business.

Item 17(v) is amended to state a provision requiring litigation to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.

Item 17(w) is amended to state in the event of a conflict of laws, North Dakota Law will control.

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.

## FOR THE STATE OF RHODE ISLAND

Item 17 of the Disclosure Document is amended to add the following:

The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

Any general release as a condition of renewal, termination, or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

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.

# FOR THE STATE OF SOUTH DAKOTA

Item 5 of this Disclosure Document is amended to provide that the Initial Area Representative Fee is due when you begin operating your Area Representative Business.

## FOR THE STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for OnAxis Franchising Group, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Item 5 of the Franchise Disclosure Document is amended to include the following:

The Initial Area Representative Fee will be deferred and will not be due until we have completed all of our pre-opening obligations to you and you have opened for business. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Area Representative Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17.h:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to cancel a Franchise Agreement without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Development Agreement, do not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The following statements are added to Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to use undue influence to induce a Franchisee to surrender any right given to him under the franchise. If any provisions of the Area Representative Agreement involve the use of undue influence by the Franchisor to induce a Franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

#### FOR THE STATE OF WASHINGTON

Item 17 of the Disclosure Document is amended to add the following:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

RCW 19.100.180 may supersede the Area Representative Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Representative Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Representative Agreement, a Franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a Franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a Franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a Franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Representative Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a Franchisor from restricting, restraining, or prohibiting a Franchisee from (i) soliciting or hiring any employee of a Franchisee of the same Franchisor or (ii) soliciting or hiring any employee of the Franchisor. As a result, any such provisions contained in the Area Representative Agreement or elsewhere are void and unenforceable in Washington.

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.

EXHIBIT B

# STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

# STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

If a state is not listed below, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

| STATE      | AGENCY   | PROCESS, IF DIFFERENT  |
|------------|--|--|
| California | Department of Financial Protection<br>and Innovation<br><i>Los Angeles</i><br>320 West 4th Street, Suite 750<br>Los Angeles, CA 90013-2344<br>(213) 576-7500 | Commissioner of Financial Protection<br>and Innovation<br>320 West 4th Street, Suite 750<br>Los Angeles, CA 90013-2344 |
|            | <i>Sacramento</i><br>1515 K Street<br>Suite 200<br>Sacramento, CA 95814-4052<br>(916) 445-7205   |  |
|            | San Diego<br>1350 Front Street, Room 2034<br>San Diego, CA 92101-3697<br>(619) 525-4233  |  |
|            | San Francisco<br>One Sansome Street, Suite 600<br>San Francisco, CA 94104-4428<br>(415) 972-8565   |  |
| Hawaii     | Toll Free (866) 275-2677Department of Commerce and   | Commissioner of Securities of  |
| 11awan     | Consumer Affairs   | Department of Commerce and Consumer  |
|            | Business Registration Division   | Affairs  |
|            | P.O. Box 40  | Business Registration Division   |
|            | Honolulu, HI 96810   | Securities Compliance Branch   |
|            | (808) 586-2727   | King Kalakaua Building   |
|            | (808) 586-2740   | 335 Merchant Street, Room 205  |
|            | (808) 586-2744   | Honolulu, HI 96813   |
| Illinois   | Franchise Division<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62701<br>(217) 782-4465                                       |  |
| Indiana    | Franchise Section  |  |
| Inviana    | Indiana Securities Division  |  |
|            | Secretary of State   |  |
|            | Room E-111   |  |
|            | 302 W. Washington Street   |  |
|            | Indianapolis, IN 46204   |  |
|            | (317) 232-6681   |  |

Exhibit B - Page 2

| STATE        | AGENCY   | PROCESS, IF DIFFERENT   |
|--------------|--|---|
| Maryland     | Office of Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360  | Maryland Commissioner of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020   |
| Michigan     | Michigan Attorney General's Office<br>Consumer Protection Division<br>Attn: Franchise Section<br>G. Mennen Williams Building, 1st<br>Floor<br>525 W. Ottawa St.<br>Lansing, MI 48909<br>(517) 335-7567 |   |
| Minnesota    | Minnesota Department of Commerce<br>Securities Unit<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101<br>(651) 539-1638  | Minnesota Department of Commerce<br>Securities Unit<br>Commissioner of Commerce<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101 |
| New York     | NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street<br>New York, NY 10005<br>Phone: (212) 416-8222  | Secretary of State<br>99 Washington Avenue<br>Albany, NY 12231  |
| North Dakota | North Dakota Securities Department<br>600 Boulevard Avenue, State Capitol<br>Fifth Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712   | Securities Commissioner<br>600 East Boulevard Avenue<br>State Capitol, Fifth Floor<br>Bismarck, ND 58505-0510                                     |
| Rhode Island | Securities Division<br>Department of Business Regulation<br>1511 Pontiac Avenue<br>John O. Pastore Complex – Bldg 69-1<br>Cranston, RI 02920-4407<br>(401) 462-9527                                    |   |
| South Dakota | Department of Labor and Regulation<br>Division of Securities<br>124 South Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-3563  |   |
| Virginia     | State Corporation Commission<br>Division of Securities and Retail<br>Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, VA 23219-3630<br>(804) 371-9051                                      | Clerk of the State Corporation<br>Commission<br>1300 East Main Street<br>Richmond, VA 23219   |

| STATE      | AGENCY   | PROCESS, IF DIFFERENT  |
|------------|--|--|
| Washington | Department of Financial Institutions<br>Securities Division<br>P.O. Box 9033<br>Olympia, WA 98507-9033<br>(360) 902-8760<br>-or<br>150 Israel Road SW<br>Tumwater, WA 98501                  | Director of Dept. of Financial Institutions<br>Securities Division<br>150 Israel Rd. SW<br>Tumwater, WA 98501<br>(360) 902-8760                |
| Wisconsin  | Division of Securities<br>Department of Financial Institutions<br>P.O. Box 1768<br>Madison, WI 53701<br>-or<br>4822 Madison Yards Way, North<br>Tower<br>Madison, WI 53705<br>(608) 266-0448 | Administrator, Division of Securities<br>Department of Financial Institutions<br>345 W. Washington Ave., 4th Floor<br>Madison, Wisconsin 53703 |

EXHIBIT C

AREA REPRESENTATIVE AGREEMENT

**ONAXIS FRANCHISING GROUP, LLC** 

AREA REPRESENTATIVE AGREEMENT

FOR GREEN HOME SOLUTIONS

AREA REPRESENTATIVE

DATE

AREA OF RESPONSIBILITY

# ONAXIS FRANCHISING GROUP, LLC GREEN HOME SOLUTIONS AREA REPRESENTATIVE AGREEMENT

#### TABLE OF CONTENTS

# **SECTION**

| 1.  | DEFINITIONS  | 5  |
|-----|--|----|
| 2.  | APPOINTMENT AND INITIAL FEE                                | 6  |
| 3.  | TERM AND RENEWAL   | 7  |
| 4.  | FRANCHISOR'S OBLIGATIONS                                   | 8  |
| 5.  | COMPENSATION PAYABLE TO AREA REPRESENTATIVE                | 9  |
| 6.  | AREA REPRESENTATIVE'S DUTIES                               | 10 |
| 7.  | AREA REPRESENTATIVE'S GENERAL BUSINESS OPERATING STANDARDS | 16 |
| 8.  | INSURANCE.   | 17 |
| 9.  | PROPRIETARY MARKS  | 18 |
| 10. | BRAND STANDARDS MANUAL                                     |    |
| 11. | TRANSFER OR ASSIGNMENT OF INTEREST                         |    |
| 12. | CORPORATE REQUIREMENTS                                     | 23 |
| 13. | COVENANTS  | 23 |
| 14. | DEFAULT AND TERMINATION                                    | 26 |
| 15. | OBLIGATIONS UPON TERMINATION OR EXPIRATION                 |    |
| 16. | TAXES AND INDEBTEDNESS                                     | 29 |
| 17. | RELATIONSHIP AND INDEMNIFICATION                           | 30 |
| 18. | GENERAL CONDITIONS AND PROVISIONS                          |    |
| 19. | DISPUTE RESOLUTION   | 33 |
| 20. | CHANGES AND MODIFICATIONS                                  |    |
| 21. | ACKNOWLEDGEMENTS   | 36 |
|     |  |    |

| EXHIBIT 1 | Area of Responsibility  |  |
|-----------|---|--|
| EXHIBIT 2 | Disclosure Acknowledgement Statement  |  |
| EXHIBIT 3 | Personal Guaranty of Area Representative's Principals                       |  |
| EXHIBIT 4 | Personal Covenants  |  |
| EXHIBIT 5 | Confidentiality and Non-Solicitation Agreement for Managers and Independent |  |
|           | Contractors of Area Representatives   |  |
| EXHIBIT 6 | Development Schedule  |  |
| EXHIBIT 7 | Release, Covenant Not to Sue, and Indemnification                           |  |
|           |   |  |

# ONAXIS FRANCHISING GROUP, LLC AREA REPRESENTATIVE AGREEMENT FOR GREEN HOME SOLUTIONS

# WITNESSETH:

A. Franchisor has developed, and is in the process of further developing, a System identified by the service mark "GREEN HOME SOLUTIONS" using the system Franchisor or its affiliate developed, including standardized methods and procedures for the operation of a business offering indoor air quality testing, environmentally preferred mold testing and mold remediation, duct cleaning, odor management services and other cleaning solutions and services as Franchisor may develop in the future, distinctive specifications for equipment; sales techniques, marketing, advertising, and procedures for operation and management of a Green Home Solutions business in the manner stated in this Agreement and in the Manual Franchisor provides and modifies from time to time (the "Green Home Solutions System").

B. Franchisor grants qualified persons the right to become a "GREEN HOME SOLUTIONS" Area Representative. Area Representatives will advertise for new franchisees and develop and provide support and training to Franchisor's franchisees who are operating within Area Representative's Area of Responsibility using Franchisor's business systems, formats, methods, specifications, standards, operating procedures, operating assistance, and Marks.

C. Area Representative represents that he/she has read this Agreement and Franchisor's Area Representative Franchise Disclosure Document (the "AR FDD") and agrees that he/she understands the importance of Franchisor's high standards of quality and service and the necessity of franchisees operating the business franchised in conformity with Franchisor's standards.

D. Area Representative desires to serve as such in the territory designated in this Agreement, wishes to be licensed to use Franchisor's proprietary Marks and wishes to receive the training and other assistance Franchisor provides for the operation of the Area Representative Business.

E. Area Representative agrees to the importance of Franchisor's high uniform standards of quality, service, and appearance and the importance of ensuring the maintenance of those high standards by all Franchisor's franchisees in the territory described in this Agreement.

F. Area Representative agrees to the importance of assisting franchisees that Area Representative services to provide quality services, achieve maximum sales levels, make maximum efforts to control costs, and fully conform to the Franchisor's policies and procedures as stated in Franchisor's Manual.

**NOW, THEREFORE,** Franchisor and Area Representative, intending to be legally bound, agree as follows:

## 1. **DEFINITIONS**

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

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

"Agreement" means this agreement entitled "GREEN HOME SOLUTIONS Area Representative Agreement" and all instruments supplemental to or in amendment or confirmation of this Agreement.

"Area of Responsibility" is defined in Section 2.1.

"Area Representative Business" means the business activities conducted by an Area Representative under an Area Representative Agreement with Franchisor.

"Area Representative Fee" means the initial fee Area Representative pays to Franchisor under Section 2.7.

**"Competitive Business"** means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) (i) residential or commercial mold removal or cleaning services; (ii) odor management; or (iii) any product or service that Area Representative or a Franchised Business sold or offered to customers or prospective customers as part of the Green Home Solutions franchise System during the term of this Agreement; provided, however, that the term "Competitive Business" does not apply to (a) any business Area Representative operated in his, her, or its capacity as a franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Area Representative owns less than a 5% legal or beneficial interest.

"Effective Date" means the date stated in the first paragraph of page 1 of this Agreement.

**"Franchise"** means the right Franchisor grants to a Green Home Solutions franchisee to use the System and the Marks under a Franchise Agreement with Franchisor.

**"Franchise Agreement"** means an agreement under which Franchisor grants the right for a Green Home Solutions franchisee to operate a Franchised Business.

**"Franchised Business"** means the Green Home Solutions business a franchisee establishes and operates that offers indoor environmentally preferred solutions and services such as indoor air quality testing, mold testing, mold cleaning, odor management, encapsulation/vapor barrier/moisture services, air purification, duct cleaning, disinfection/sterilization, any preparation necessary to gain access to space for remediation, and other indoor air quality and remediation services that create and maintain healthy indoor environments.

"Franchisor" means OnAxis Franchising Group, LLC d/b/a Green Home Solutions.

"Franchisor Indemnities" is defined in Section 17.3.

**"Incapacity"** means Area Representative's inability, or any holder of a legal or beneficial interest in Area Representative, to operate or oversee the operation of the Area Representative Business under this Agreement on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency, or other limitation. "Internet" means any one or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web.

**"Manual"** means the Green Home Solutions Brand Standards Manual, whether in paper or electronic form, and any other items Franchisor provides, adds to, changes, modifies or otherwise revises from time to time that contain or describe the System's standards, methods, procedures and specifications, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor.

"Marks" means the service mark "GREEN HOME SOLUTIONS" and any other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings, and other commercial symbols Franchisor designates to be used in Green Home Solutions Franchised Businesses.

"Net Initial Franchise Fee" means the initial franchise fee Green Home Solutions franchisees pay under Franchise Agreements with Franchisor minus any fees, commissions, or similar payments Franchisor makes to an approved third-party referral source.

"Principal" means an owner of equity in Area Representative, whether the ownership is direct, indirect, or beneficial.

"System" means the uniform standards, methods, procedures and specifications Franchisor developed and as Franchisor adds to, changes, modifies, withdraws or otherwise revises for the operation of Green Home Solutions businesses.

# 2. <u>APPOINTMENT AND INITIAL FEE</u>

2.1 Franchisor grants to Area Representative, on the terms in this Agreement, the right to serve as the Area Representative within the territory described in Exhibit 1 (the "Area of Responsibility"), and a non-exclusive license to use Franchisor's proprietary Marks and System.

2.2 Area Representative undertakes the obligation to diligently screen and evaluate individuals to become Franchisor's franchisees at locations within the Area of Responsibility, and to undertake Franchisor's field responsibilities for development and service required in this Agreement to franchisees that operate Franchised Businesses in the Area of Responsibility.

2.3 Area Representative will pay a non-refundable Area Representative Fee as stated in Exhibit

2.4 During the term of this Agreement and provided there is no uncured default under this Agreement or under any Franchise Agreement between Franchisor and Area Representative or its affiliate(s), Franchisor agrees that it will not itself own or operate or license others to own or operate as an area representative in the Area of Responsibility.

2.5 The license granted by this Agreement relates solely to the operation of an Area Representative Business in the Area of Responsibility and affords to Area Representative no rights in any other areas of responsibility or territory or in any Franchised Business. Franchisor retains, among others, the right, in its sole discretion, to:

1.

2.5.1 itself own or operate or license others to own or operate Area Representative Businesses in any territory outside of the Area of Responsibility.

2.5.2 solicit prospective franchisees and grant other persons Franchises, or other rights to operate Franchised Businesses, on any terms Franchisor determines: (a) anywhere inside of the Area of Responsibility, which Franchised Businesses will be subject to this Agreement; or (b) anywhere outside of the Area of Responsibility.

2.5.2 develop and establish other franchise or licensed systems for the same or similar products or services using any trademarks or service marks other than the Marks; and to grant franchises and/or licenses thereto within or outside of the Area of Responsibility, without providing Area Representative any right therein.

2.5.3 periodically designate in the Manual or elsewhere, National Accounts. Franchisor has the right to negotiate and enter into agreements to provide services the same or similar to those offered by franchisees, to any business that owns, manages, controls, services or otherwise has responsibility for the maintenance of facilities or properties that may be located in the Area of Responsibility. Royalties received on National Account revenues will be subject to this Agreement.

2.5.5 use alternate channels of distribution such as direct mail, catalogue sales, telemarketing, and the internet both within and outside of the Area of Responsibility to sell or distribute products under the Marks or under other trademarks or service marks.

2.5.6 acquire the assets or ownership interests of one or more businesses providing services similar to those provided by Green Home Solutions businesses, and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Area of Responsibility).

2.5.7 be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided by Green Home Solutions businesses, even if the business operates, franchises and/or licenses competitive businesses in the Area of Responsibility.

2.5.8 place reasonable restrictions on the customers a franchisee (including franchisees located in the Area of Responsibility) may serve within its territory, based on Franchisor's reasonable assessment of that franchisee's ability to provide services to those customers.

# 3. <u>TERM AND RENEWAL</u>

3.1 Except as otherwise provided, the term of this Agreement is 10 years from the Effective Date.

3.2 Area Representative may, at its option, renew this Agreement for one additional term of 10 years, provided that before the end of the applicable term it has complied with the following requirements:

3.2.1 Area Representative gives Franchisor written notice of its election to renew not less than 6 months or more than 12 months before the end of the then-current term.

3.2.2 Area Representative is not in default of any provision of this Agreement, or any other agreement between Area Representative or its affiliate and Franchisor or Franchisor's Affiliates and has complied with all the terms of these agreements during the terms thereof.

3.2.3 Area Representative signs Franchisor's then-current form of renewal Area Representative Agreement, which agreement will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, but which will contain the same compensation rate for Area Representative and method of computing same and will contain a new Development Schedule as Franchisor determines after consultation with Area Representative.

3.2.4 Area Representative signs a general release, in a form Franchisor prescribes, of all claims against Franchisor, Franchisor's Affiliates, and their respective officers, shareholders, directors, agents, and employees.

3.2.5 Area Representative complies with Franchisor's then-current qualification and training requirements, including, without limitation, any training requirements specifically designed for renewing Area Representatives. For any training required by this Section, Franchisor will provide and pay for the instructors, training facilities, and training materials; Area Representative must pay for all other expenses incurred in training including, without limitation, the costs of travel, room, board, and wages (for individuals required to attend).

3.2.6 Area Representative pays Franchisor a renewal fee of 25% of the Area Representative Fee stated in Exhibit 1, to compensate Franchisor for its administrative expenses and legal fees associated with the renewal.

# 4. FRANCHISOR'S OBLIGATIONS

In addition to the other obligations stated in this Agreement, Franchisor agrees as follows:

4.1 Franchisor will provide initial training, to be conducted at Franchisor's headquarters or another location it designates, for Area Representative and, at Franchisor's determination, Area Representative's designated manager ("Designated Manager" or "Manager") and will make available other training programs to Area Representative and its Designated Manager as Franchisor deems appropriate, which will be at the times and places Franchisor designates.

4.2 Franchisor will use its best efforts to promptly process all applications made by prospective franchisees that Area Representative forwards to Franchisor for its approval, provided each prospect meets Franchisor's then-current educational, professional, managerial, business, financial, and other qualifications for new franchisees.

4.3 Franchisor will provide initial training to each new System franchisee, or the Designated Manager, with Area Representative's participation as Franchisor determines after consultation with Area Representative. The initial training will be held at Franchisor's headquarters, Area Representative's office, or at any other place Franchisor designates; and Franchisor will pay only for the instructors, training facilities, and training materials.

4.4 Franchisor will collect and distribute to Area Representative its share of the Net Initial Franchise Fees, royalty fees, transfer fees, renewal fees, and product purchases received from each franchisee operating in the Area of Responsibility.

4.5 Franchisor will continue its efforts to maintain high standards of quality professionalism and service of the Green Home Solutions Franchise System, and to that end may conduct inspections of any business premises Area Representative operates and closely monitor Area Representative's promotional efforts and service efforts, which may include, without limitation, contacting prospective and existing franchisees and monitoring sales presentations by Area Representative and its personnel.

4.6 Franchisor will not, by virtue of any approvals, advice, or services provided to any System franchisee, assume responsibility for or liability to Area Representative, any System franchisee, or any third parties to which it would not otherwise be subject.

# 5. <u>COMPENSATION PAYABLE TO AREA REPRESENTATIVE</u>

5.1 Except as provided in Section 5.2.5, in consideration of soliciting, screening and submitting to Franchisor, applications for prospective franchisees for the grant of franchises to be located in the Area of Responsibility, Area Representative will receive, for as long as, but only as long as, this Agreement remains in effect and the Area Representative is not in default under this Agreement, 20% of the Net Initial Franchise Fees paid by each System franchisee who purchases a Franchise to develop a Franchised Business in the Area of Responsibility.

5.2 Except as provided in Section 5.2.5, in consideration for undertaking Franchisor's field responsibilities for developing and servicing all franchisees that operate Franchised Businesses in the Area of Responsibility during the term of this Agreement, Area Representative will be paid the following:

5.2.1 20% of all monthly royalties paid by Green Home Solutions franchisees in the Area of Responsibility;

5.2.2 20% of transfer fees received in connection with the transfer of any Green Home Solutions Franchised Business located in the Area of Responsibility;

5.2.3 20% of renewal fees received from any Green Home Solutions franchise located in the Area of Responsibility;

5.2.4 20% of the purchase price of certain products as Franchisor determines in its sole discretion, purchased from Franchisor or its Affiliates by Green Home Solutions franchisees in the Area of Responsibility;

5.2.5 The percentages stated in this Section 5 will all be reduced to 10% where the Net Initial Fee, monthly royalty payment, transfer fee, renewal fee, or purchase price, as applicable, is paid by: (i) if the Area Representative is a business entity, a Green Home Solutions franchisee who controls, is controlled by, or is under common control with (whether directly or indirectly), an individual or entity with ownership of at least 33.34% of Area Representative, or (ii) if the Area Representative is an individual, a franchisee who is controlled by that individual (whether directly or indirectly).

5.3 Franchisor will collect all initial franchise fees, continuing royalty fees, transfer fees, and renewals fees owed under the Franchise Agreements for Franchised Businesses located within the Area of Responsibility. Franchisor will provide Area Representative with a monthly report by the 20th day of each month on the amounts collected during the preceding month, along with the payments due Area Representative from these amounts. Franchisor has sole discretion as to the terms of collections from System franchisees, including the right to defer or refund initial franchise fees. If Franchisor refunds amounts collected from a franchisee or if Area Representative for any reason owes amounts to Franchisor,

Exhibit C - Page 9

Franchisor has the right, as it deems appropriate, to either: (a) deduct from any payments due Area Representative, Area Representative's portion of any amount so refunded or any amount Area Representative owes to Franchisor, or (b) require Area Representative to pay any such portion of the refunded amount or other amounts owed to Franchisor immediately on request.

5.4 The fees payable to Area Representative under this Section 5 will be paid to Area Representative only if all of the following conditions are met:

5.4.1 Each franchisee has signed a Franchise Agreement with Franchisor;

5.4.2 Franchisor's payments to Area Representative will be based on amounts actually collected from franchisees, not on payments accrued, due, or owing. Franchisor will not be deemed to have collected any fee paid into escrow until the fees have actually been released to Franchisor.

5.4.3 Area Representative has complied with all of its other requirements under this Agreement.

5.5 Franchisor will apply any payments received from a franchisee to any past indebtedness of that franchisee for continuing royalty fees, marketing contributions, purchases from Franchisor or its Affiliates, interest, or any other indebtedness of that franchisee to Franchisor or its Affiliates. To the extent that any payments are applied to a franchisee's overdue continuing royalty fee payments, Area Representative is entitled to its pro rata share of the payments, less Franchisor's costs of collection paid to third parties.

5.6 Provided that Area Representative does not breach the terms of Section 11 (Transfer or Assignment of Interest), Area Representative may employ the services of a third-party referral source if Franchisor has approved the third-party referral source and that approval has not been revoked. Any fees to be paid to an approved referral source for the "referral" of a person or entity that becomes a franchisee will be born equally by Area Representative and Franchisor. For purposes of this Agreement, "referral" means any action taken related to the identification of a prospective franchisee.

5.7 IN NO EVENT WILL ANY AMOUNTS A FRANCHISEE MUST PAY UNDER A FRANCHISE AGREEMENT BE PAID TO AREA REPRESENTATIVE. AREA REPRESENTATIVE AGREES THAT IF A FRANCHISEE SUBMITS ANY PAYMENTS TO IT, AREA REPRESENTATIVE WILL IMMEDIATELY NOTIFY FRANCHISOR IN WRITING AND DELIVER TO FRANCHISOR ALL SUCH PAYMENTS.

5.8 All payments to Area Representative under this Section 5 will immediately and permanently cease on the expiration or termination of this Agreement. Area Representative will, however, receive all amounts that have accrued as of the effective date of expiration or termination, SUBJECT TO Franchisor's right of offset in Section 5.3.

# 6. <u>AREA REPRESENTATIVE'S DUTIES</u>

# 6.1 <u>Development Obligation</u>.

6.1.1 Area Representative agrees to comply with the Development Schedule stated in Exhibit 6 (the "Development Obligation") with respect to each time stated in Exhibit 6 (the "Development Period"). The determination as to whether Area Representative has met its Development Obligation under is made based on the number of Franchised Businesses open and operating at the end of each Development

Period. For purposes of the Development Obligation, a Franchised Business must have a fully paid Franchise Fee to be considered "sold", and a Franchised Business must be open and operating in compliance with the applicable Franchise Agreement to be considered "open and operating". If Area Representative fails to meet its Development Obligation, Franchisor may, in its sole discretion:

(a) Terminate this Agreement;

Responsibility;

(b) Terminate Area Representative's exclusive rights in the Area of

(c) Terminate Area Representative's rights under this Agreement for further development, but require Area Representative to continue to provide services to then-existing franchisees in the Area of Responsibility; or

(d) Reduce the Area of Responsibility to an area that Franchisor believes, in its sole discretion, Area Representative is able to adequately supervise and/or develop (the "Adjusted Area of Responsibility") (which may result in ending Area Representative's rights to service some Franchised Businesses Area Representative has been servicing and assigning those servicing obligations and the related compensation to others or assuming them by Franchisor).

6.1.2 If Franchisor reduces the Area of Responsibility to an Adjusted Area of Responsibility, then:

(a) Area Representative will continue to perform all of its obligations under this Agreement with respect to Franchised Business that opened in the Area of Responsibility before adjustment until further notice from Franchisor;

(b) Area Representative will no longer market or solicit franchisees for the purchase of Franchised Businesses or provide related services outside of the Adjusted Area of Responsibility; and

(c) Area Representative will not be paid any compensation relating to Franchised Businesses located outside of the Adjusted Area of Responsibility after the date of adjustment.

6.2 <u>Franchisee Solicitation</u>.

6.2.1 Area Representative may not solicit prospective franchisees until Franchisor has made all appropriate filings in the Area of Responsibility and has provided Area Representative and/or any prospective franchisee with Franchisor's required Franchise Disclosure Document or at any time when Franchisor notifies Area Representative that Franchisor is not legally able to offer and sell franchises in compliance with applicable law.

6.2.2 When soliciting prospective franchisees, Area Representative will:

(a) Prepare and forward to Franchisor verified financial statements of each prospective franchisee in the form and for the periods Franchisor designates;

(b) Promptly provide all information Franchisor requires to prepare all required disclosure documents and ancillary documents for the offering of franchises throughout the Area of Responsibility;

(c) Sign all documents Franchisor requires for the purpose of allowing Area Representative to solicit franchisees and Franchisor to offer franchises throughout the Area of Responsibility;

(d) Area Representative will solicit prospective franchisees under the terms, and according to the procedures, stated in Franchisor's Franchise Disclosure Document and will at all times perform its obligations under this Agreement in a manner that promotes Franchisor's integrity and reputation. Area Representative may not provide a prospective franchisee with any additional information unless Franchisor has first approved the information in writing. Area Representative must comply with any guidance and direction that Franchisor provides from time to time regarding the content and emphasis of its communications with prospective franchisees, including signing any required confidentiality agreements and the Receipt for the Franchise Disclosure Documents delivered to the prospective franchisee.

(e) After Area Representative is satisfied that a prospective franchisee meets Franchisor's standards, it will request Franchisor to approve the prospective franchisee. Franchisor may conduct or obtain credit reports and background checks on prospective franchisees as Franchisor deems necessary or convenient. Franchisor may then approve or reject a prospective franchisee for any reason and may seek further information with respect to the prospective franchisee. If Franchisor rejects a prospective franchisee, Franchisor will provide Area Representative with a written explanation of its reasons therefor.

(f) Area Representative will immediately deliver to Franchisor a copy of all its correspondence with prospective franchisees that is material to the franchise relationship. Area Representative will keep Franchisor informed at all times with regard to prospective franchisees.

(g) At no time will Area Representative: (i) approve or disapprove any prospective franchisee; (ii) notify any prospective franchisee that he/she/it has been approved or disapproved as a franchisee; (iii) sign any binding contracts with any person or entity on behalf of Franchisor; (iv) collect any monies from any person or entity in relation to or in connection with the offer or sale of a Franchised Business; (v) fail to make sure that Franchisor has provided, or if Franchisor requests, itself provide each prospective franchisee with Franchisor's approved FDD within the time period required by applicable law; (vii) fail to obtain from each prospective Franchisee and to return to Franchisor, a signed and dated Receipt that is attached to the FDD; or (viii) make or publish (in any form) any misleading or untrue statements or representations inconsistent with the FDD or other information Franchisor made available to Area Representative.

## 6.3 <u>Training and Support</u>.

6.3.1 <u>Area Representative Training</u>. Area Representative (or if Area Representative is a business entity, one Principal and one Manager, up to 2 people in total) must attend and satisfactorily complete the training described below:

(a) Initial Franchisee Training: The Initial Franchisee Training is included in the Manual and Franchisor may modify it from time to time in Franchisor's sole discretion. Area Representative must satisfactorily complete Initial Franchisee Training before you begin operation of the Area Representative Business. Any replacement Managers must complete Initial Franchisee Training at Area Representative's expense, at a rate of \$500 or the then-current rate, per day per person, which rate may change from time to time at Franchisor's sole discretion. (b) Annual Convention: Area Representative (or if Area Representative is a business entity, one Principal or one Manager) must attend Franchisor's Annual Convention (the "Annual Convention"), at a location Franchisor selects. Area Representative must pay the then-current registration fee for the Annual Convention, regardless of whether Area Representative or its Principal or Manager attends the Annual Convention. Area Representative is solely responsible for all expenses for travel, lodging, food, salaries, and other expenses incurred to attend the Annual Convention. Area Representative may send additional Principals, Managers or other employees to the Annual Convention with Franchisor's approval, and Area Representative must pay a separate fee, as Franchisor publishes from time to time, per additional person sent to the Annual Convention.

(c) Mid-Year Meeting: Area Representative (or if Area Representative is a business entity, one Principal or one Manager) must attend Franchisor's Mid-Year Meeting (the "Mid-Year Meeting"), at a location Franchisor selects. Area Representative will be solely responsible for all expenses for travel, lodging, food, salaries, and other expenses incurred to attend the Mid-Year Meeting.

(d) Quarterly Meetings: Area Representative (or if Area Representative is a business entity, one Principal or one Manager) must attend Franchisor's Quarterly Meetings (the "Quarterly Meetings"), at a location Franchisor selects. Area Representative is solely responsible for all expenses for travel, lodging, food, salaries, and other expenses incurred to attend the Quarterly Meetings.

(e) Additional Training: Franchisor may offer additional training programs and/or refresher courses to Area Representative, or its Principal or Manager(s) as Franchisor deems appropriate. Franchisor will determine the duration, frequency, and curriculum of any additional or refresher training programs, which will take place at least every 2 years at a location and on a date Franchisor chooses. Additional training may be required at Franchisor's discretion. The programs will vary, depending on Area Representative's needs, the needs of other franchisees and the System at the time the program is offered. Area Representative is solely responsible for all expenses for travel, lodging, food, salaries, and other expenses incurred while attending Franchisor's additional training programs. Franchisor has the right to charge a fee for additional on-site training programs Area Representative requests, at Franchisor's then-current rate per day per person, which rate may change from time to time at Franchisor's sole discretion.

6.3.2 <u>Franchisee Training and Support</u>. At no additional charge to franchisees, Area Representative must provide all training, excluding initial training, for the Franchised Businesses as outlined in the Franchise Agreement, at a Franchised Business owned by Area Representative or its affiliate, and/or another location in the Area of Responsibility that Franchisor selects.

(a) Area Representative must provide all franchisees in the Area of Responsibility with assistance as Franchisor reasonably requests and requires from time to time in connection with construction, equipping and opening of Franchised Businesses, sourcing of equipment, fixtures, furnishings, inventory and supplies and compliance with Franchisor's quality control standards. Area Representative may not delegate or subcontract the provision of all services and assistance provided to franchisees in connection with the operation of the Franchised Businesses.

(b) Area Representative will conduct, at its expense, inspections of all the Franchised Businesses in the Area of Responsibility in accordance with the standards Franchisor establishes, on the schedules and according to the procedures as Franchisor and Area Representative agree, acting in good faith, but in any event, at least one on-site visit per quarter at each Franchised Business, or as otherwise provided in the Manual. Franchisor's authorized representatives have the right to enter on the entire premises of a Franchised Business during business hours, without disrupting franchisee's business

operations, to examine same, conferring with franchisee's managers, inspecting franchisee's business operations and equipment, and determining whether the Franchised Business is being conducted in accordance with the Franchise Agreement, the System and the Manual. If any inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under the Franchise Agreement or the Manual, Franchisor will notify Area Representative in writing of franchisee's non-compliance and Area Representative will cause franchisee to promptly correct the deficiency or unsatisfactory condition. Area Representative will notify Franchisor when the necessary corrections have been made. Area Representative's failure to notify Franchisor regarding the corrective action required in this Subsection is deemed a material breach of this Agreement.

(c) Area Representative will at all times maintain sufficient staffing levels to properly support franchisees in the Area of Responsibility. Area Representative will maintain at least one full-time support staff person for every 25 Franchised Businesses in the Area of Responsibility, not including units Area Representative owns or operates. Franchisor has the right to increase the required number of support staff in consideration of such factors as the size of the Area of Responsibility and the distance between the locations of Franchised Businesses.

(d) Area Representative must obtain background checks for all its employees for a supplier that we have approved.

## 6.4 Advertising and Marketing

6.4.1 <u>Marketing Duties</u>. Area Representative will coordinate the local marketing by Franchises in the Area of Responsibility (the "Marketing Duties"). Area Representative will conduct the Marketing Duties in a manner consistent with Franchisor's marketing programs conducted throughout the United States and the Franchise Agreements. For purposes of this Agreement, "Marketing Duties" will include the organization of any marketing "co-op" that Franchisor determines in its sole discretion to be formed by the franchisees in the Area of Responsibility. Franchisor retains all rights to collect all Brand Development Fund Fees required to be collected from the franchisees under the Franchise Agreements and in no event will Area Representative collect or otherwise require a franchisee in the Area of Responsibility to pay to it any Brand Development Fund Fees.

6.4.2 <u>Approval of Advertising</u>. Area Representative must submit to Franchisor for approval, samples of all advertising and promotional materials that Franchisor did not prepare or previously approve. Area Representative will not use any advertising or promotional materials that Franchisor has not approved or has disapproved (failure to respond to Area Representative's request for approval is deemed disapproval). Certain states require the filing of franchise sales advertising materials with the appropriate state agency before dissemination. If filing or disclosure is required, Area Representative agrees to comply with the filing requirements at its own expense unless Franchisor has previously filed the advertising with the state. Franchisor may charge Area Representative for the costs Franchisor incurs in printing large quantities of advertising and marketing materials supplied to Area Representative at Area Representative's request.

6.4.3 Area Representative will affix the proprietary Marks in the manner Franchisor requires to all stationery, cards, signs, and other advertising materials used in connection with the Area Representative Business.

6.4.4 All Area Representative's advertising in any medium must be conducted in a dignified manner, must conform to Franchisor's standards, and must comply with all applicable laws, rules, and regulations relating to the advertising of franchises.

Internet Advertising. Franchisor has established an Internet site for the System. 6.4.5 Area Representative may develop a page on Franchisor's Internet site, or other promotion on Franchisor's Internet site or another Internet site that Franchisor develops (the "Area Representative's Page"), as Franchisor deems appropriate, for the Area Representative. Area Representative may not establish a presence on, or market using, the Internet in connection with the Area Representative's business without Franchisor's prior written consent. Franchisor will work in good faith with Area Representative to determine the content of the Area Representative's Page; provided, however, if Franchisor and Area Representative do not agree on the content of the Area Representative's Page, Franchisor's determinations will control. Franchisor retains the sole right to advertise or use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce, and cobranding arrangements. Franchisor may require Area Representative to provide content for Franchisor's Internet marketing. Area Representative will comply with Franchisor's intranet and Internet usage rules, policies, and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the Green Home Solutions Internet site.

6.4.6 <u>Advertising for Prospective Franchisees</u>. Area Representative must sufficiently advertise for prospective franchisees, at its expense in the manner Franchisor approves within the Area of Responsibility.

6.4.7 <u>Required Advertising Expenditure</u>. Area Representative must spend at least \$12,000 per year for advertising and marketing to secure unit franchisees and promote the Green Home Solutions System in the Area of Responsibility. Area Representative will furnish supporting documentation of its required advertising expenditures as Franchisor requests. Salary and other personnel expenditures will not apply to the required advertising expenditure amount. Notwithstanding the foregoing, on the Area Representative's achievement of 80% of its total cumulative number of Franchised Businesses to be sold, the minimum advertising expenditures in this Section will no longer be required.

## 6.5 <u>Products, Supplies, Operating Assets, and Services</u>.

6.5.1 <u>Purchases</u>. Franchisor has the right to require that all fixtures, furnishings, signs, computers and equipment (the "**Operating Assets**"), products, supplies, and services that Area Representative purchases or leases for use in its AR Business: (i) meet specifications that Franchisor establishes from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that Franchisor has approved; and/or (iv) be purchased or leased only from a single source that Franchisor designates (which may include Franchisor or its Affiliates). To the extent that Franchisor establishes specifications, requires approval of suppliers or service providers, or designates specific suppliers or service providers for particular items or services, Franchisor will publish its requirements in the Manual.

6.5.2 <u>Revenue from Purchases</u>. Area Representative agrees that it and its affiliates may not, but that Franchisor and/or its Affiliates may, derive revenue or other benefits based on Area Representative's and franchisees purchases and leases, including from charging for products and services Franchisor or its Affiliates provide and from promotional allowances, volume discounts, and other payments made to Franchisor by suppliers and/or distributors that Franchisor designates or approves for some or all of its franchisees. Franchisor and its Affiliates may use all amounts received from suppliers and/or distributors, whether or not based on Area Representative's or other franchisees' actual or prospective dealings with them, without restriction for any purposes Franchisor or its Affiliates deems appropriate.

Approval Process. If Area Representative would like to acquire products, 6.5.3 services, or classes or use any supplies, Operating Assets, or services that Franchisor has not approved or to purchase or lease from a supplier or service provider that Franchisor has not approved, Area Representative must submit a written request for approval and provide Franchisor with any information that it requests. Franchisor has the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. Franchisor may require the proposed supplier or service provider to visit Franchisor's headquarters to evaluate the proposed supplier or service provider in person. Area Representative agrees to pay Franchisor a charge not to exceed the reasonable cost of the inspection and Franchisor's actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. Franchisor has the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on Franchisor's judgment. Franchisor will notify Area Representative in writing of its decision as soon as practicable following its evaluation. If Area Representative does not receive Franchisor's approval within 90 days after submitting all of the information that Franchisor requests, Franchisor's failure to respond will be deemed a disapproval of the request. Area Representative agrees that the products and services that Franchisor approves for Area Representative to offer in its AR Business may differ from those that Franchisor permits or requires to be offered in other AR Businesses.

6.5.4 <u>Revocation of Approval</u>. Franchisor reserves the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet Franchisor's then-current criteria. If Area Representative receives a notice of revocation of approval, Area Representative agrees to cease purchasing or leasing the formerly-approved item or service or any items or services from the formerly-approved supplier or service provider and Area Representative must dispose of Area Representative's remaining inventory of the formerly-approved items and services as Franchisor directs.

## 7. <u>Area Representative's General Business Operating Standards.</u>

7.1 <u>Standards of Service</u>. Area Representative will at all times give prompt, courteous, and efficient service to franchisees in the Area of Responsibility. Area Representative will, in all dealings with franchisees, prospective franchisees, and the public, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Area Representative must offer all services as Franchisor designates in Area Representative's associated Franchised Business, including all additional services that are optional for other Green Home Solutions franchisees. If, in Franchisor's sole subjective opinion, Area Representative lacks the adequate number of personnel to perform its duties under the terms of this Agreement, or has breached the terms of this Section, then Franchisor may deliver a notice of breach to Area Representative, and Area Representative will have 30 calendar days to cure the breach. Failure to cure a breach under this Section may result in Franchisor's termination of this Agreement.

7.2 <u>Compliance with Laws and Good Business Practices</u>. Area Representative will secure and maintain in force all required licenses, permits, and certificates relating to Area Representative's activities under this Agreement and operate in full compliance with all applicable laws, ordinances, and regulations. Area Representative acknowledges being advised that many jurisdictions have enacted laws concerning the advertising, sale, renewal, and termination of, and continuing relationship between parties to, a franchise agreement, including, without limitation, laws concerning disclosure requirements. Area Representative aware of, and to comply with, all these laws and legal requirements in force in the Area of Responsibility and to use only disclosure documents that Franchisor has approved for use in the applicable jurisdiction.

7.3 <u>Notification of Litigation</u>. Area Representative must notify Franchisor in writing within three business days after the filing of any action, suit, arbitration, proceeding, or investigation, or the issuance of any order, writ, injunction, award, or decree, by any court, agency, or other governmental instrumentality, that names Area Representative or any of its Principals or otherwise concerns Area Representative's operation or financial condition, the Area Representative Business, or any franchisee.

7.4 <u>Full Time Best Efforts</u>. Area Representative will either: devote its full time and best efforts to the development of the Area of Responsibility during the term of this Agreement; or employ a full-time Manager that Franchisor approved who will refrain from any other employment and/or conducting any other business.

7.5 <u>Accounting, Bookkeeping, and Records</u>. Area Representative will maintain at its business premises in the Area of Responsibility all original invoices, receipts, checks, contracts, licenses, and bookkeeping and business records Franchisor requires from time to time. Area Representative will furnish to Franchisor, within 90 days after Area Representative's fiscal year end, a balance sheet and profit and loss statement for the Area Representative Business for that year (or monthly or quarterly statement if Franchisor requires, in which case the statements also will reflect year-to-date information). In addition, on Franchisor's request, within 5 business days after returns are filed, exact copies of federal and state income, sales, and any other tax returns and all other forms, records, books, and other information Franchisor periodically requires on the Area Representative Business must be furnished to Franchisor. Area Representative will maintain all records and reports of the Area Representative Business conducted under this Agreement for at least 3 years after the date of termination or expiration of this Agreement.

7.6 <u>Reports</u>. Area Representative will deliver to Franchisor, on a monthly basis, by the 10<sup>th</sup> day of each month a written report of its Area Representative Business activities for the previous month, including Area Representative's marketing activities, together with documentation of the marketing expenditures as Franchisor requires, and in the form and detail Franchisor from time to time specifies, including information about efforts to solicit prospective Franchisees, the status of pending site selection transactions, and the status of the Franchised Businesses. Area Representative's failure to comply with the reporting requirement of this Section is a material breach of this Agreement.

# 8. <u>INSURANCE.</u>

8.1 <u>Types and Amounts of Coverage</u>. At its sole expense, Area Representative must procure within 60 days of the Effective Date and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. Area Representative's policies must list the legal entity owning the Area Representative Business as well as the d/b/a Green Home Solutions, and must provide for at least 10 days advance written notice to Franchisor before any policy may be materially modified, cancelled or allowed to expire. In addition, all policies (except any workers' compensation insurance) also must name Franchisor, OnAxis Franchising Group, LLC, 136 School Street #286, Spring Mills, PA 16875, as an additional insured or loss payee and all must contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that is required by applicable law, or by lender or lessor, Area Representative will procure:

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

8.1.2 Workers' compensation insurance that complies with the statutory requirements of the state (s) in which the Area of Responsibility is located and operating;

8.1.3 Comprehensive general liability insurance against claims for bodily and personal injury, death, and property damage caused by, or occurring in conjunction with, the operation of the Area Representative Business, or Area Representative's conduct of business under this Agreement, with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate or, if higher, the statutory minimum limit required by state law;

8.1.4 Business interruption insurance in amounts and with terms acceptable to Franchisor;

8.1.5 Automobile liability insurance for owned or hired vehicles, with a combined single limit of at least \$1,000,000 or, if higher, the statutory minimum limit required by state law;

and

8.1.6 Cyber liability insurance first and third-party, at least \$500,000 per occurrence;

8.1.7 Errors and Omissions policy with a single limit of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

8.18 All insurance as necessary to provide coverage under the indemnity provisions in Section 17.3.

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

8.3 <u>Evidence of Coverage</u>. Area Representative's obligation to obtain and maintain the foregoing policies is not limited in any way by reason of any insurance that Franchisor maintain, nor will Area Representative's performance of this obligation relieve it of liability under the indemnity provisions in Section 17.3. Area Representative must provide, annually, certificates of insurance showing compliance with the foregoing requirements.

8.4 <u>Failure to Maintain Coverage</u>. Should Area Representative not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure this insurance coverage and to charge the premiums to Area Representative, along with a reasonable fee for expenses Franchisor incurs in the procurement. Area Representative must pay Franchisor these costs immediately on notice.

# 9. <u>PROPRIETARY MARKS</u>

9.1 <u>Ownership</u>. Area Representative's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of the Area Representative Business under, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures Franchisor requires from time to time. Area Representative's unauthorized use of the Marks is a breach of this Agreement and an infringement of Franchisor's rights in and to the Marks. Area Representative's use of the Marks, and any goodwill created thereby, inures to Franchisor's benefit. Area Representative will not at any time acquire an ownership interest in the Marks by virtue of any use it makes of the Marks. This

Agreement does not confer any goodwill, title, or interest in the Marks to Area Representative. Area Representative will not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

9.2 <u>Limitations on Use</u>. Area Representative will not use any Mark or portion of any Mark as part of any business entity name. Area Representative will not use any Mark in connection with the sale of any unauthorized product or service or in any other manner Franchisor has not expressly authorized in writing. Area Representative will give notices of trademark and service mark registrations as Franchisor specifies and obtain fictitious or assumed name registrations as required under applicable law. Area Representative will not register or seek to register as a trademark or service mark, with either the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Area Representative.

9.3 <u>Notification of Infringements and Claims</u>. Area Representative will immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Area Representative will not communicate with any person other than Franchisor and Franchisor's counsel in connection with any infringement, challenge, or claim; provided, however, Area Representative may communicate with its counsel at its own expense. Franchisor has the right to take all action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Area Representative will sign all instruments and documents and render all assistance as, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

9.4 <u>Indemnification for Use of Marks</u>. Franchisor will reimburse Area Representative for all expenses it reasonably incurs in any trademark or similar proceeding disputing Area Representative's authorized use of any Mark, provided that Area Representative has complied with the provisions of Section 9.2 and has complied with this Agreement and Franchisor's directions in responding to the proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Area Representative's use of any Mark. This indemnification will not include the expense to Area Representative of removing signage or discontinuance of the use of the Marks. This indemnification will not apply to litigation between Franchisor and Area Representative wherein Franchisor disputes or challenges Area Representative's use of the Marks. This indemnification will not apply to any separate legal fees or costs Area Representative incurs in seeking independent counsel separate from the counsel representing Franchisor and Area Representative in any litigation disputing Franchisor and Area Representative's use of the Marks.

9.5 <u>Discontinuance of Use</u>. If Franchisor deems it necessary for Area Representative to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, Area Representative will comply with Franchisor's directions within 10 business days after Franchisor's notice to Area Representative. Franchisor will not be required to reimburse Area Representative for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures Area Representative made to promote a modified or substitute Mark. 9.6 <u>Franchisor's Sole Right to Domain Name</u>. Area Representative will not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "GREEN HOME SOLUTIONS" or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of all right, title, and interest in and to such domain names as Franchisor designates in the Manual.

## 10. BRAND STANDARDS MANUAL

10.1 Loan by Franchisor. While this Agreement is in effect, Franchisor will lend to Area Representative one copy of the Brand Standards Manual or grant Area Representative access to an electronic copy of the Brand Standards Manual. Area Representative will ensure that System franchisees within the Area of Responsibility conduct their Franchised Businesses in strict accordance with the Brand Standards Manual. The Brand Standards Manual may consist of one or more separate manuals and other materials as Franchisor designates and may be in written or electronic form. The Brand Standards Manual will, at all times, remain Franchisor's sole property and will promptly be returned to Franchisor on expiration or termination of this Agreement.

10.2 <u>Revisions</u>. Franchisor has the right to add to or otherwise modify the Brand Standards Manual from time to time to reflect changes in the specifications, standards, operating procedures, and rules Franchisor requires; provided, however, that no addition or modification will materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make additions or modifications without prior notice to Area Representative. Area Representative will immediately, on notice, adopt any changes. If a dispute as to the contents of the Brand Standards Manual arises, the terms of the master copy of the Brand Standards Manual Franchisor maintains at Franchisor's headquarters will be controlling.

10.3 <u>Confidentiality</u>. The Brand Standards Manual contains Franchisor's Trade Secrets and other Confidential Information and Area Representative must keep its contents confidential both during the term of this Agreement and after the expiration or termination of this Agreement. Area Representative will at all times ensure that its copy of the Brand Standards Manual is available at the office of the Area Representative Business in a current and up to date manner. If the Brand Standards Manual is in paper form or stored on computer-readable media, Area Representative will maintain the Brand Standards Manual is in electronic form, Area Representative will maintain the Brand Standards Manual in a password-protected file. Area Representative will only grant authorized personnel, as defined in the Brand Standards Manual, access to the Brand Standards Manual or any key, combination or passwords needed for access to the Brand Standards Manual in an unauthorized manner.

# 11. TRANSFER OR ASSIGNMENT OF INTEREST

11.1 <u>Transfer by Franchisor</u>. This Agreement inure to the benefit of Franchisor's successors and assigns. Franchisor has the right to assign its rights under this Agreement to any person, firm, association, or corporation, provided that the transferee agrees in writing to assume all Franchisor's obligations under this Agreement, and on this assignment and assumption Franchisor will be under no further obligation hereunder, except for accrued liabilities, if any.

#### 11.2 <u>Transfer or Assignment by Area Representative</u>.

11.2.1 Area Representative agrees that the rights and obligations created by this Agreement are personal to Area Representative, and that Franchisor has granted these rights to Area Representative in reliance on the character, skills, aptitude, as well as the business, legal and financial capacity of Area Representative and its directors, officers, and shareholders. Except stated in this Section 11, Area Representative will not, without Franchisor's prior written consent, directly or indirectly, sell, assign, transfer, convey, donate, pledge, mortgage, charge, grant any security interest, or otherwise encumber any interest in this Agreement or in the Area Representative Business or in the right and license to use the System, the Manual or the proprietary Marks that would result in the transfer or assignment of more than a total of 10% in the aggregate of Area Representative's equity. Any such purported action, whether occurring by operation of law or otherwise including any assignment by a trustee in bankruptcy, without Franchisor's prior written consent, is a material default under this Agreement and entitles Franchisor to immediately terminate this Agreement. In addition, Area Representative will not, during the term of this Agreement, without Franchisor's prior written consent, participate in any corporate activity, issue or sell, or be a party to the issuance or sale of, any further shares or interest in the Area Representative Business of any kind, or any other securities that may cause the present effective voting control of Area Representative to change.

11.2.2 With Franchisor's prior written consent, which consent is within Franchisor's sole discretion, Area Representative has the right to sell, assign and transfer its interest in this Agreement, subject to the following conditions:

(a) No sale can occur during the first 2 years of this Agreement unless this Agreement is a renewal of a previous AR agreement;

(b) The transferee/assignee must meet Franchisor's then-current financial and educational requirements for its new Area Representatives;

(c) The proposed transferee/assignee must attend and successfully complete Franchisor's next Area Representative initial training;

(d) All accounts of both transferee/assignee and Area Representative must be paid in full before assignment;

(e) If Franchisor requests, Area Representative trains the transferee/assignee for 2 months before the transfer and for another 2 months following the transfer (this is in addition to completing Franchisor's training);

(f) Area Representative or the proposed transferee/assignee pays Franchisor a transfer fee of 10% of the Initial Area Representative Fee paid or \$7,500, whichever is greater, on the consummation of the transfer;

(g) Area Representative sign a general release in a form Franchisor requires, subject to state law;

(h) If Franchisor procures the purchaser of the Area Representative Business, Area Representative must pay Franchisor a fee of 10% of the sale price of the Area Development Business. If Franchisor must pay a broker on account of a Transfer of the Area Development Business, Area Representative must reimburse Franchisor for the brokerage fees; and

(i) The proposed transferee/assignee may not have an interest in or be engaged in a Competitive Business.

11.3 Any proposed sale, assignment and transfer under this Section 11 must be a sale, assignment and transfer of all or substantially all Area Representative's assets in respect of the Area Representative Business, including, without limitation, the right and license granted under this Agreement, and Area Representative may not sell same on an individual basis other than with Franchisor's prior written consent.

11.4 On receipt of Area Representative's application under Section 11.2 and notwithstanding the right to sell, assign and transfer granted Area Representative under this Section, Franchisor has the absolute right, to be exercised by notice in writing delivered to Area Representative within 45 days of Franchisor's receipt of Area Representative's application, to purchase the right and license and other assets of Area Representative proposed to be sold, assigned or transferred. If Franchisor exercises its right to purchase as provided in this Section, Franchisor will complete the purchase on the same terms stated in the application.

11.5 If Franchisor does not exercise its right to purchase as stated in Section 11.4 and consents to Area Representative's sale, assignment and transfer to the proposed purchaser, the sale, assignment and transfer must be completed between Area Representative and the proposed purchaser on the same terms as were stated in the application Area Representative submitted to Franchisor. Otherwise, Area Representative must, before selling, assigning and transferring its right and license and other assets, again make application to Franchisor in the manner as stated in this Article 11, and the provisions of this Article 11 will apply and will be repeated as often as Area Representative desires to complete any sale, assignment and transfer.

11.6 For the purposes of this Section 11, any sale, transfer or assignment of the issued and outstanding shares of the capital stock of or other beneficial interest in Area Representative, the effect of which, whether through one or several transactions, would result in a change of the effective control of Area Representative, will, for the purposes thereof, be deemed to be a sale, assignment and transfer of all or a significant portion of all of the assets of Area Representative in respect of the business carried on by Area Representative under the provisions of this Agreement and, accordingly, all of the provisions of this Section 11 will apply.

11.7 Transfer by Death or Incapacity.

11.7.1 On Area Representative's death or Incapacity (if Area Representative is an individual) or any Principal in Area Representative (if Area Representative is a business entity), the appropriate representative of that person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding 90 days following the event, transfer that individual's interest in the Area Representative Business to a third party franchisor approves. This transfer, including transfers by will or inheritance, are subject to the conditions for assignments and transfers in this Agreement, unless prohibited by the laws of the state wherein Area Representative resided, with that choice of law provision being applicable only for this Section 11.7. During the 90 day period, the Area Representative Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

11.7.2 Following a death or Incapacity as described in this Section 11.7, if necessary in Franchisor's discretion, Franchisor will have the right, but not the obligation, to assume operation of the Area Representative Business until the deceased or incapacitated Principal's interest is transferred to a third party Franchisor approves. Franchisor may charge a management fee as Franchisor determines and Franchisor is entitled to reimbursement of the expenses it incurs in the management of the Area Representative Business.

## 12. <u>CORPORATE REQUIREMENTS</u>

12.1 If Area Representative is a corporation or other legal entity, Area Representative will furnish to Franchisor, on signing this Agreement, a list of all Principals indicating their holdings, as well as a list of Area Representative's directors, officers, Managers, and partners. Area Representative will immediately advise Franchisor in writing of any change in Area Representative's Principals, directors, officers, and Managers.

12.2 All Area Representative's Principals must sign the personal guaranty in Exhibit 3 or in any other form as Franchisor specifies from time to time.

12.3 Area Representative will maintain stop transfer instructions against the transfer of its records of any securities with voting rights and will include the following printed legend on the face of any equity certificates:

#### "TRANSFER OF THIS EQUITY IS SUBJECT TO THE TERMS OF AN AREA REPRESENTATIVE AGREEMENT WITH ONAXIS FRANCHISING GROUP, LLC DATED \_\_\_\_\_\_. REFERENCE IS MADE TO THE PROVISIONS OF THE AREA REPRESENTATIVE AGREEMENT AND TO THE GOVERNING DOCUMENTS OF THIS ENTITY."

12.4 Area Representative will furnish Franchisor its formation documents and its governing document, as well as all other documents Franchisor reasonably requests, and any amendments thereto.

# 13. <u>COVENANTS</u>

13.1 Area Representative covenants that during the term of this Agreement, except as Franchisor otherwise approves in writing, Area Representative (or if Area Representative is a corporation, limited liability company or partnership, a principal or general partner of Area Representative) or Area Representative's fully-trained Manager will devote full time, energy, and best efforts to the management and operation of the Area Representative Business. For purposes of this Section, "full time" means at least 35 hours per week, excluding vacation, sick leave, and similar absences.

## 13.2 <u>Confidentiality</u>.

13.2.1 "Confidential Information" means any information related to the System that Franchisor discloses to Area Representative that Franchisor designates as confidential or that, by its nature, would reasonably be expected to be held in confidence or kept secret. Without limiting the definition of "Confidential Information", all the following are conclusively presumed to be Confidential Information whether or not Franchisor designates them as such: (i) the Manual; (ii) Franchisor's training materials; and (iii) other information Franchisor gives to Area Representative in confidence, except where the information is a trade secret.

13.2.2 "Trade Secret" means information that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Without limiting the definition of Trade Secrets, all the following are conclusively presumed to be Trade Secrets whether or not Franchisor designates them as such Franchisor's: (i) advertising and marketing strategies; (ii) marketing analyses; and (iii) any proprietary software licensed to System Franchisees.

13.2.3 The terms "Confidential Information" and "Trade Secret" do not include, regardless of the means of disclosure: (i) information generally known to the trade or the public at the time Franchisor discloses it to Area Representative; (ii) information that becomes known to the trade or the public after Franchisor discloses it to Area Representative, unless it becomes known due to Area Representative's breach of this Agreement; or (iii) information Area Representative can prove was known to it when Franchisor disclosed it to Area Representative.

13.2.4 <u>Protection of Confidential Information and Trade Secrets</u>. Area Representative agrees that the Confidential Information and Trade Secrets are not, by definition, generally known in the trade; that they are beyond Area Representative's present skill and experience; and that for Area Representative to develop the Confidential Information and Trade Secrets on its own would be expensive, time-consuming, and difficult. Area Representative further agrees that the Confidential Information and Trade Secrets provide it with a competitive advantage, that they will be economically valuable to Area Representative in the development of the Area Representative Business, and that gaining access to the Confidential Information and Trade Secrets is therefore a primary reason why Area Representative is entering into this Agreement. Accordingly, in consideration of our disclosure of the Confidential Information and Trade Secrets, Area Representative agrees that:

(a) Area Representative will not, during the Term of this Agreement: (i) appropriate or use any Confidential Information or Trade Secret for any purpose other than the operation of the Area Representative Business; (ii) disclose or reveal any portion of the Confidential Information or Trade Secrets to any person, other than to Area Representative's directors, officers, Principals, management employees, or others who have a legitimate business need to know of them to operate the Area Representative Business; or (iii) divulge or use any Confidential Information or Trade Secrets for the benefit of any other person or entity except as Franchisor expressly authorizes.

(b) Area Representative will not, for 2 years after the termination or expiration of this Agreement for any reason: (i) appropriate or use any Confidential Information for any purpose or (ii) divulge or use any Confidential Information for the benefit of any other person or entity.

(c) Area Representative will not, at any time after the termination or expiration of this Agreement for any reason: (i) appropriate or use any Trade Secret for any purpose or (ii) divulge or use any Trade Secret for the benefit of any other person or entity.

(d) Area Representative will not copy, duplicate record, or otherwise reproduce any of the Confidential Information or Trade Secrets, in whole or in part; store such Confidential Information or Trade Secrets in a computer retrieval, or database; or otherwise make such Confidential Information or Trade Secrets available to any third party, except as Franchisor authorizes in this Agreement.

(e) Area Representative will make all reasonable efforts and take all reasonable precautions required to prevent unauthorized copying or disclosure of any Confidential Information or Trade Secrets, which precautions will include, but will not be limited to, restricting access to the Confidential Information and Trade Secrets on a "need to know" basis.

OnAxis Franchising Group, LLC-AR FDD 05/18/2023, as amended 8/25/2023 #169972v1

13.2.5 <u>Signing of Individual Confidentiality Agreement By Area Representative's</u> <u>Personnel</u>. Franchisor's forms of confidentiality agreement for Principals and Area Representative's personnel are attached as Exhibits 4 and 5. Area Representative will, without Franchisor's request, cause: (i) Principals; (ii) Managers; (iii) Area Representative's other management personnel; and (iv) any other personnel, agents, or representatives having access to any of Franchisor's Confidential Information or Trade Secrets, including without limitation the Manual, to sign and deliver a fully-signed, dated original of each agreement to Franchisor, before and as a condition precedent to granting each person access to the Confidential Information or Trade Secrets.

#### 13.3 <u>Covenant Not to Compete</u>.

13.3.1 <u>In-Term Covenants</u>. Area Representative agrees that during the term of this Agreement it will not, either directly or indirectly, for itself, or in conjunction with others:

(a) Divert or attempt to divert any business or customer of any Franchised Business operated under the System to any competitor or do any other act injurious or prejudicial to the goodwill associated with the System.

(b) Own, maintain, operate, affiliate with, or have an interest in any franchised or company-owned Competitive Business, with the exception of a Franchised Business operating under a Franchise Agreement with Franchisor.

13.3.2 <u>Post-Term Covenants</u>. Area Representative agrees that, except as Franchisor otherwise approves in writing, it will not, for a continuous uninterrupted 2 year period beginning with the expiration or termination of this Agreement, either directly or indirectly, own, maintain, operate, affiliate with, engage in or have an interest in, any Competitive Business that is located in the Area of Responsibility or located within 25 miles of the Area of Responsibility or in the territory of any other Green Home Solutions Franchised Business or Area Representative as of the date of termination.

13.4 The parties agree that each of the foregoing covenants will be construed as independent of any other provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Representative agrees to be bound by any lesser covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 13.

13.5 Area Representative agrees that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant stated in this Section 13 without Area Representative's consent, effective immediately on receipt Area Representative's receipt of written notice thereof; and Area Representative agrees that it will comply with any covenant as so modified, which will be fully enforceable. Area Representative further agrees that the restrictive covenants in this Section 13 are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Area Representative agrees that each of the terms in this Section, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, Trade Secrets and Confidential Information, the System, and the Marks and Area Representative waives any right to challenge these restrictions as being overly broad, unreasonable, or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any restriction is unreasonable or unenforceable, then Area Representative agrees to submit to the reduction of any activity, time period, or geographic restriction necessary to enable the court to enforce the restrictions to the fullest extent permitted under applicable law.

The parties desire and intend that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought. Area Representative further agrees that an actual or threatened violation of the covenants in this Section 13 will cause Franchisor immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages, or other remedies at law. Accordingly, Franchisor is entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining Area Representative's violation of this Section 13, and the right to an injunction is cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisor has at law and in equity.

13.6 Area Representative agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of this Section 13. Area Representative agrees to pay all expenses (including reasonable attorneys' fees and costs) Franchisor incurs for the enforcement of this Section 13.

13.7 Area Representative will require and obtain signed covenants, of confidentiality and noncompetition as stated in Exhibits 4 and 5 to this Agreement (including covenants applicable on the termination of a person's relationship with Area Representative) from all of the following persons: (1) all Managers and any other personnel Area Representative employs who have received or will receive training from Franchisor; (2) all Area Representative's officers, directors, and Principals, and of any corporation directly or indirectly controlling Area Representative, if Area Representative is a corporation or limited liability company; and (3) the general partners and any limited partners (including any corporation or limited liability company, and the officers, directors, and holders of a beneficial interest of any of the securities of any corporation that controls, directly or indirectly, any general or limited partner), if Area Representative is a partnership. The covenants required by Section 13 will be in a form Franchisor specifies, including, without limitation, specific identification of Franchisor as a third-party beneficiary of each covenant with the independent right to enforce it.

## 14. **DEFAULT AND TERMINATION**

14.1 <u>Termination by Area Representative</u>. If Area Representative is in full compliance with all terms of this Agreement and Franchisor materially breaches this Agreement and fails to begin reasonable efforts to cure the breach within 60 days after receiving written notice identifying the claimed breach, Area Representative may terminate this Agreement, unless the breach cannot reasonably be cured within 60 days. If the breach cannot reasonably be cured in 60 days, Area Representative may terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure a material breach within a reasonable period of time and furnish Area Representative reasonable proof of its efforts.

14.2 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Area Representative, if Area Representative:

14.2.1 Fails to have its Designated Manager satisfactorily complete any training program under Section 6.4;

14.2.2 Made any material misrepresentation or omission in its application for the Area Representative Business or otherwise to Franchisor in the course of entering into this Agreement;

14.2.3 Is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, the System or any Franchised Business;

14.2.4 After notices to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, the System or any Franchised Business;

14.2.5 Discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual, Trade Secrets or any Confidential Information;

14.2.6 If Franchisor requires, fails to have any Principal, and any of Area Representative's officers, directors, executives, or Managers, sign a confidentiality agreement and a covenant not to compete, in the form Franchisor then requires, on the earlier of the signing of this Agreement or each person's affiliation with Area Representative; or fails to provide Franchisor with copies of all signed confidentiality agreements and covenants not to compete;

14.2.7 Abandons, fails, or refuses to actively operate the Area Representative Business for 5 or more consecutive days;

14.2.8 Surrenders or transfers control of the Area Representative Business's operation without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Area Representative Business or an ownership interest in the Area Representative Business, or fails or refuses to assign the Area Representative Business or the interest in the Area Representative Business of a deceased or incapacitated Principal as required in this Agreement;

14.2.9 Is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for 30 days or longer (unless *supersedeas* bond is filed); if execution is levied against Area Representative's Business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Area Representative and not dismissed within 30 days or is not in the process of being dismissed;

14.2.10 Misuses or makes an unauthorized use of any of the Marks or commits any other act that can reasonably be expected to impair the goodwill associated with any of the Marks;

14.2.11 Fails on 2 or more separate occasions within any 12 consecutive months to submit reports or other information or supporting records when due;

14.2.12 Fails to comply with any applicable law or regulation within 10 days after being given notice of noncompliance;

14.2.13 Within any consecutive 12-month period, on 3 separate occasions, either: (a) fails to comply with mandatory specifications, customer service standards, or operating procedures prescribed in the Manual, or (b) breaches this Agreement, whether or not previous breaches or failures referenced in clause (a) or (b) are cured;

14.2.14 If Area Representative accepts any payments from System Franchisees in violation of Section 5.7;

14.2.15 If Area Representative or its affiliate that is the named franchisee thereunder, commits any default under any Franchise Agreement between Area Representative, or the affiliate and Franchisor that entitles Franchisor to terminate the Franchise Agreement; or

14.2.16 If Area Representative fails to meet its Development Obligation.

14.2.17 If Area Representative or any entity under common control with Area Representative, if an entity, defaults in any other agreement with Franchisor.

14.3 Except as otherwise provided in Section 14.2, Franchisor has the right to terminate this Agreement for the following defaults by giving notice of termination stating the nature of the default; provided, however, Area Representative may avoid termination by curing the default within the stated cure period or any longer period as required by applicable law:

14.3.1 Within 10 days of receiving notice of Franchisee's failure to maintain insurance as stated in Section 8; or

14.3.2 Within 30 days of receiving notice of any other default by Area Representative or on Area Representative's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing.

## 15. <u>OBLIGATIONS ON TERMINATION OR EXPIRATION</u>

15.1 On termination or expiration, this Agreement and all rights granted under this Agreement to Area Representative will terminate; and, except to the extent permitted by any Franchise Agreement entered into by Area Representative:

15.1.1 Area Representative will immediately cease to operate the Area Representative Business and will not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former Area Representative of Franchisor. After termination or expiration, Area Representative will cease providing services or assistance to System Franchisees located within the Area of Responsibility.

15.1.2 Area Representative will immediately and permanently cease to use, by advertising or in any manner whatsoever, all Confidential Information and Trade Secrets, any confidential methods, procedures, and techniques associated with the Area Representative Business; the proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System or the Area Representative Business. In particular, Area Representative will cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles, that display the proprietary Marks associated with the Area Representative Business.

15.1.3 Area Representative will take all action as necessary to cancel any assumed name or equivalent registration that contains the Marks, and Area Representative will furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination or expiration of this Agreement.

15.1.4 Area Representative agrees, if it continues to operate or begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the proprietary Marks either in connection with any other business or the promotion thereof that is likely to cause confusion, mistake, or deception, or that is likely to dilute Franchisor's rights in and to the Marks; and further agrees not to use any designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition.

15.1.5 On termination for Area Representative's default, Area Representative will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, Franchisor incurs as a result of the default, which obligation will give rise to and remain, until paid in full, a lien in favor of Franchisor against all of the personal property, fixtures, or equipment Area Representative owns at the Area Representative Business.

15.1.6 Area Representative will pay Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, Franchisor incurs after termination or expiration of this Agreement in obtaining injunctive or other relief for enforcement of any provisions of this Section 15.

15.1.7 Area Representative will immediately turn over to Franchisor all materials including all manuals, records, files, instructions, correspondence, all materials related to operating the Area Representative Business, including, without limitation, brochures, agreements, invoices, FDDs, and all other materials related to operating the Area Representative Business in Area Representative's possession and all copies thereof (all of which are acknowledged to be Franchisor's property), and will retain no copy or record of any of the foregoing, excepting only Area Representative's copy of this Agreement and of any correspondence between the parties and any other documents that Area Representative reasonably needs for compliance with any provision of law.

## **16.** <u>Taxes and Indebtedness</u>

16.1 Area Representative will promptly pay, when due, all taxes levied or assessed by any federal, state, or local tax authority and all other indebtedness Area Representative incurs in the operation of the Area Representative Business.

16.2 On any bona fide dispute as to liability for taxes assessed or other indebtedness, Area Representative may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event will Area Representative permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the assets of the Area Representative Business or this Agreement.

16.3 Area Representative will comply with all federal, state, and local laws, rules and regulations, and will timely obtain all permits, certificates, licenses and bonds necessary for the full and proper operation and management of the Area Representative Business, including, without limitation, a license to do business and provide services, fictitious name registration, sales tax, and other permits. Copies of all inspection reports, warnings, certificates and ratings any governmental entity issues during the term of this Agreement in connection with the conduct of the Area Representative Business that indicate Area Representative's failure to meet or maintain the highest governmental standards or less than full compliance with any applicable law, rule or regulation must be forwarded to Franchisor within 5 days of Area Representative's receipt thereof.

16.4 Area Representative will notify Franchisor in writing within 5 days of the filing 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 Area Representative Business. In addition Area Representative must answer all consumer related complaints within 15 days after receipt thereof or any shorter time as provided in the complaint. A copy of any answer must be forwarded to Franchisor within 3 days of the date that the answer is forwarded to the complainant.

#### 17. **<u>Relationship and Indemnification</u>**

17.1 <u>Relationship</u>. This Agreement is purely a contractual relationship between the parties and does not appoint or make Area Representative Franchisor's agent, legal representative, joint venture, partner, employee, servant, or independent contractor for any purpose whatsoever. Area Representative may not represent or imply to third parties that Area Representative is an agent of Franchisor, and Area Representative is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. Under no circumstances will Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Area Representative. Franchisor will in no way be responsible for any injuries to persons or property resulting from the operation of the Area Representative Business.

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

17.3 Indemnification. Area Representative will hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) of any nature whatsoever incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, that arises from or is based on Area Representative's: (a) ownership or operation of the Area Representative Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representative and Franchisor (or an Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Area Representative Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section 17.3 survive the termination of this Agreement.

17.4 <u>Right to Retain Counsel</u>. Area Representative will give Franchisor immediate notice of any action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any action, suit, demand, claim, investigation or proceeding. To protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take any remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section 17 causes any of Area Representative's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Area Representative might have against the insurer will automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances will Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses to

maintain a claim against Area Representative. The failure to pursue any remedy or mitigate any loss will not reduce the amounts Franchisor may recover from Area Representative.

## **18.** <u>GENERAL CONDITIONS AND PROVISIONS</u>

18.1 <u>No Waiver</u>. No failure of Franchisor to exercise any power reserved to it under this Agreement, or to insist on Area Representative's strict compliance with any obligation or condition under this Agreement, and no custom nor practice of the parties in variance with the terms of this Agreement, will constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Franchisor's waiver of any particular default by Area Representative will not be binding unless in writing and signed by Franchisor and will not affect nor impair Franchisor's right with respect to any additional default of the same or of a different nature.

18.2 <u>Injunctive Relief</u>. Area Representative's breach of any of the restrictions in Sections 9, 13, and 15 would result in irreparable injury to Franchisor, and as the damages arising out of any breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor is entitled to seek injunctive relief (whether a restraining order, a preliminary injunction, or a permanent injunction) against any breach, whether actual or contemplated, without the necessity of posting security or bond and Area Representative will be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 19. Franchisor's right includes pursuing injunctive relief through arbitration or in a state or federal court.

18.3 <u>Notices</u>. All notices required or permitted under this Agreement must be in writing and will be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, or partner of the recipient party); (b) 2 business days after being sent by guaranteed overnight delivery by a commercial courier service; or (c) 5 business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section. Notices to Area Representative will be sent to Area Representative at the address stated on Exhibit 1. All notices, payments and reports required by this Agreement will be sent to Franchisor at the following address:

OnAxis Franchising Group, LLC 136 School Street, #286 Spring Mills, PA 16875 Attn: Legal Department

18.4 <u>Cost of Enforcement or Defense</u>. If Franchisor or Area Representative must enforce this Agreement in a judicial or arbitration proceeding, the prevailing party is entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with the proceeding.

18.5 <u>Guaranty of Payment and Performance</u>. All Principals must sign, as of the date of this Agreement, the Personal Guaranty attached as Exhibit 3, through which the Principals agree to assume and discharge all of Area Representative's obligations under this Agreement and to be personally liable for all of the same.

18.6 <u>Approvals</u>. Whenever this Agreement requires Franchisor's prior approval or consent, Area Representative will make a timely written request to Franchisor for approval and, except as otherwise provided herein, any approval or consent granted will be effective only if in writing. Franchisor makes no warranties or guarantees on which Area Representative may rely, and assumes no liability or obligation to Area Representative or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Area Representative in connection with this Agreement, or by reason of any neglect, delay, or denial of any request for approval.

18.7 <u>Entire Agreement and Modification</u>. This Agreement, its exhibits, and the documents referred to herein will be construed together and constitute the entire, full, and complete agreement between Franchisor and Area Representative concerning the subject matter hereof and will supersede all prior agreements. No other representation, oral or otherwise, has induced Area Representative to sign this Agreement, and there are no representations (other than those within Franchisor's Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, that are of any force or effect with respect to the matters stated in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement is binding on either party unless signed in writing by both parties.

18.8 <u>Severability</u>. Except as noted below, each paragraph, part, term, and provision of this Agreement is considered severable. If any paragraph, part, term, or provision is ruled to be unenforceable, unreasonable, or invalid, that ruling will not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties; and the unenforceable, unreasonable, or invalid paragraphs, parts, terms or provisions will be deemed not part of this Agreement.

18.9 <u>Headings</u>. All headings in this agreement are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision hereof.

18.10 <u>Force Majeure</u>. Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party will be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of any act will be extended for the amount of time of the delay. This clause will not result in an extension of the term of this Agreement.

18.11 <u>Timing</u>. Time is of the essence. Except as stated in Section 18.10, failure to perform any act within the time required or permitted by this Agreement will be a material breach.

18.12 <u>Further Assurances</u>. Area Representative will sign and deliver any further instruments, contracts, forms or other documents, and will perform any further acts, as necessary or desirable to perform or complete any obligation in this Agreement, promptly on Franchisor's request.

18.13 <u>Third-Party Beneficiaries</u>. Except as otherwise stated in this Agreement, nothing in this Agreement is intended, nor will be deemed, to confer on any person or legal entity other than Franchisor or Area Representative, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

18.14 <u>Multiple Originals</u>. Both parties will sign multiple copies of this Agreement, and each signed copy will be deemed an original.

#### **19. DISPUTE RESOLUTION**

Mediation. All claims or disputes between Area Representative and Franchisor or their 19.1 respective Affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, the Area Representative Business, or any of the parties' respective rights and obligations arising out of this Agreement, must be submitted first to mediation before binding arbitration (except as noted in Section 19.3 below). Mediation will take place in Centre County, Pennsylvania (or Franchisor's then-current headquarters) under the auspices of the Judicial Arbitration and Mediation Services ("JAMS"), in accordance with the JAMS' Commercial Mediation Rules then in effect. Area Representative may not file any action against Franchisor or its Affiliates with respect to any claim or dispute in any arbitration or court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of Franchisor's written declaration. Each party will bear their own costs of mediation and share equally the filing fee imposed by JAMS and the mediator's fees. Franchisor reserves the right to specifically enforce Franchisor's right to mediation. Before mediation, and before filing any arbitration or action against Franchisor or its Affiliates with respect to any claim or dispute, Area Representative must submit a notice to Franchisor, that states in detail, the precise nature and grounds of the claim or dispute.

Arbitration. If not resolved by mediation and except as qualified below, any dispute 19.2 between Area Representative and Franchisor or their respective Affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the Area Representative Business must be submitted to binding arbitration in Centre County, Pennsylvania (or Franchisor's thencurrent headquarters) in accordance with the Federal Arbitration Act and JAMS Commercial Arbitration Rules then in effect. Any arbitration must be on an individual basis between the parties, and the arbitrator will have no authority to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any proceedings involving the parties. If a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The Federal Arbitration Act, as amended, will govern the rights and duties of the parties to this Agreement to resolve any disputes by arbitration. The following will supplement and, in the event of a conflict, govern any arbitration: If the claim is for less than \$30,000 then the matter must be heard before a single arbitrator. If the claim, or a counterclaim, is for \$30,000 or more, the matter must be heard before a panel of 3 arbitrators and each party will appoint its own arbitrator, and the appointed arbitrators will appoint a neutral arbitrator from the JAMS' list of arbitrators. The arbitrator(s) must follow the law and not disregard the terms of this Agreement. The arbitrator(s) must have at least 5 years of significant experience in franchise law.

Whether the matter is heard by a single arbitrator or three, the arbitrator's award must be rendered within 7 days of the close of the hearing and must include all fees, costs, and attorneys' fees for the prevailing party. The arbitrators will have no authority to amend or modify the terms of this Agreement. To the extent permitted by applicable law, no issue of fact or law may be given preclusive or collateral estoppel effect in any arbitration, except to the extent issue may have been determined in another proceeding between the parties.

Judgment on the award of the arbitrator must be submitted for confirmation to the Superior Court of Centre County, Pennsylvania (or a court of general jurisdiction in the county of Franchisor's then-current headquarters), and, if confirmed, may be entered in any court having competent jurisdiction. The decision of the arbitrator(s) is final and binding on all parties to the dispute; however, the arbitrator(s) may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages, or (3) make any award that extends, modifies, or suspends any lawful term

of this Agreement or any reasonable standard of business. The agreement to arbitrate survives any termination or expiration of this Agreement.

#### AREA REPRESENTATIVE AGREES THAT IT HAS READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND AFFIRMS THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS, OR UNDUE INFLUENCE ON THE PART OF FRANCHISOR OR ANY OF FRANCHISOR'S AGENTS OR EMPLOYEES.

19.3 <u>Exceptions to Arbitration</u>. Notwithstanding Section 19.2, the parties agree that the following claims will not be subject to arbitration:

1. Any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to a party's tangible or intangible property, brought at any time, including, without limitation, before or during the pendency of any arbitration proceedings initiated under this Agreement.

2. Franchisor's claim of Area Representative's non-payment of any fee or other sum Area Representative owes to Franchisor.

19.4 <u>Prior Notice of Claims</u>. As a condition precedent to filing any action against Franchisor, its Affiliates, officers, directors, shareholders, agents and/or employees, Area Representative must notify Franchisor within 30 days after the discovery of the violation or breach and grant Franchisor a reasonable opportunity to cure any alleged claim. Failure to timely give this notice will preclude any claim for damages.

19.5 <u>Right To Enforce</u>. Franchisor's officers, directors, shareholders, agents and/or employees may enforce the right to mediate/arbitrate claims asserted against such person(s) by Area Representative.

19.6 <u>No Right to Offset</u>. Area Representative may not withhold any part of any payment to Franchisor or any of its Affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's Affiliates allegedly owe Area Representative under this Agreement or any related agreements.

19.7 <u>Venue</u>. Nothing in this Agreement prevents Franchisor or Area Representative from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard that party's interests. In any litigation arising out of this Agreement or based on the relationship between the parties, venue for any litigation will be any court of general jurisdiction in Centre County, Pennsylvania or the United States District Court for the Middle District of Pennsylvania. Area Representative accepts and submits to, generally and unconditionally, for itself and with respect to its property, the jurisdiction of these courts in any action or proceeding and waives, to the greatest extent permitted by applicable law defenses based on jurisdiction, venue, or forum non conveniens. This Section 19.7 is self-executing and remains in full force and effect after the termination or expiration of this Agreement. Area Representative agress that this Agreement has been entered into in the State of Pennsylvania, and that Area Representative is to receive valuable and continuing services emanating from Franchisor's headquarters in Spring Mills, Pennsylvania, including but not limited to assistance, support, and the development of the System.

19.8 <u>Limitation on Actions</u>. The parties further agree that no cause of action arising out of or under this Agreement may be maintained by either party against the other unless brought before the expiration of 1 year after the act, transaction or occurrence on which the action is based or the expiration of 1 year after the complaining party becomes aware of facts or circumstances reasonably indicating that such party may have a claim against the other party, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.

19.8.1 Area Representative waives the right to obtain any remedy based on the alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any arbitration, judicial, or other adjudicatory proceeding arising, except on a ground provided in this Agreement, or under any right expressly granted by any applicable statute regulating the sale of franchises.

19.9 <u>Waiver of Punitive Damages</u>. Area Representative waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether the cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Area Representative's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19.10 Jury Trial Waiver. WITH RESPECT TO ANY PROCEEDING NOT SUBJECT TO ARBITRATION, THE PARTIES AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER APPLIES TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES THAT ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR AREA REPRESENTATIVE'S PURCHASE FROM FRANCHISOR OF THE AREA REPRESENTATIVE BUSINESS AND/OR ANY GOODS OR SERVICES.

19.11 <u>Choice of Law</u>. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement is governed by and construed in accordance with the laws of the State of Pennsylvania (without reference to its conflict of laws or principles). The Federal Arbitration Act will govern all matters subject to arbitration. References to any law also refers to any successor laws and to any published regulations for the law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of the agency.

19.12 <u>Cumulative Rights and Remedies</u>. No right or remedy conferred on or reserved to Franchisor or Area Representative in this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy in this Agreement or provided or permitted by law or equity, but each will be in addition to every other right or remedy. Nothing in this Agreement bars Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

## 20. <u>CHANGES AND MODIFICATIONS</u>

20.1 Franchisor has the sole right to make changes to the Manual, the System, and the Marks at any time and without prior notice to Area Representative.

20.2 Area Representative agrees that due to changes in competitive circumstances, presently unforeseen changes in customers' needs, and/or presently unforeseen technological innovations, Franchisor's System must not remain static in order that it best serve the interest of Franchisor, franchisees, and the System. Accordingly, Area Representative agrees that Franchisor may from time to time change the components of the System, including, but not limited to, altering the Franchised Businesses, services, methods, standards, forms, policies and procedures of the System; adding to, deleting from, or modifying those Franchised Businesses, products and services that the Franchised Business is authorized to offer; and changing, improving or modifying the Marks, franchise agreements, Manual, and procedures. Subject to the other provisions of this Agreement, Area Representative agrees to abide by Franchisor's modifications, changes, additions, deletions, and alterations, at its sole expense.

## 21. <u>ACKNOWLEDGEMENTS</u>

21.1 <u>Receipt of this Agreement and the Franchise Disclosure Document</u>. Area Representative represents that it has received, read, and understands this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has accorded Area Representative ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Area Representative further represents that it has received, at least 14 calendar days before the date on which this Agreement was signed or any money was paid to Franchisor, the Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

21.2 <u>Consultation by Area Representative</u>. Area Representative represents that it has been urged to consult with its own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised and the prospects for that business. Area Representative represents that it either has consulted with its advisors or has deliberately declined to do so.

21.3 <u>True and Accurate Information</u>. Area Representative represents that all information set forth in all applications, financial statements, and submissions to Franchisor is true, complete, and accurate in all respects, and Area Representative acknowledges that Franchisor is relying on the truthfulness, completeness, and accuracy of this information.

21.4 <u>Risk</u>. Area Representative represents that it has conducted an independent investigation of the Area Representative Business contemplated by this Agreement and acknowledges that, like any other business, an investment in a Green Home Solutions Area Representative Business involves business risks and that the success of the venture is dependent, among other factors, on Area Representative's business abilities and efforts. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated by this Agreement.

21.5 <u>No Guarantee of Success</u>. Area Representative agrees that it has not received or relied on any guarantee, express or implied, as to the revenues, profits, or likelihood of success of the Area Representative Business. Area Representative agrees that there have been no representations by Franchisor's officers, directors, employees, or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

21.6 <u>No Violation of Other Agreements</u>. Area Representative represents that its signing of this Agreement will not violate any other agreement or commitment to which Area Representative or any holder of a legal or beneficial interest in Area Representative is a party.

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

## **FRANCHISOR:**

## **AREA REPRESENTATIVE:**

| ONAXIS | FRANCHISING | GROUP LLC  |
|--------|-------------|------------|
| UNAMD  | TRANCINGING | UNUUI, LLC |

| By:              |                           | By:              |
|------------------|---------------------------|------------------|
| Name: Jeff Pane  | ella                      | Name:            |
| Title: President | & Chief Executive Officer | Title:           |
| Date:            |                           |                  |
|                  |                           | P <sub>V</sub> . |
|                  |                           | By:              |
|                  |                           | Name:            |
|                  |                           | Title:           |
|                  |                           | Date:            |
|                  |                           | D                |
|                  |                           | By:              |
|                  |                           | Name:            |
|                  |                           | Title:           |
|                  |                           | Date:            |

## ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT REQUIRED FOR HAWAII FRANCHISEES

The Area Representative Agreement between OnAxis Franchising Group, LLC, ("Franchisor") and ("Area Representative") dated \_\_\_\_\_\_ (the "Agreement") is amended by the addition of the following language, which is considered an integral part of the Agreement (the "State Addendum"):

1. The provisions of this Addendum form an integral part of and are incorporated into the Area Representative Agreement. This Addendum is being signed because: (a) the offer or sale of the franchise to Area Representative was made in the State of Hawaii; (b) Area Representative is a resident of the State of Hawaii; and/or (c) the Green Home Solutions Area Representative Business will be located or operated in the State of Hawaii.

2. The following sentence is added to the end of Section 2.3:

The Initial Area Representative Fee will be due when you begin operating your Area Representative Business.

3. 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 have the meaning given them in the Area Representative Agreement.

5. Except as expressly modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the Area Representative on behalf of itself and its Principals, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly signed and delivered this State Addendum to the Agreement on the date first set forth above.

[Signatures on Next Page]

## **FRANCHISOR:**

#### AREA REPRESENTATIVE:

\_\_\_

## ONAXIS FRANCHISING GROUP, LLC

| By:    |                                     |
|--------|-------------------------------------|
| Name:  | Jeff Panella                        |
| Title: | President & Chief Executive Officer |
| Date:  |                                     |

| By:    |  |
|--------|--|
| Name:  |  |
| Title: |  |
| Date:  |  |
|        |  |
| By:    |  |
| Name:  |  |
| Title: |  |
| Date:  |  |
|        |  |
| Ву:    |  |
| Name:  |  |
| Title: |  |
| Date:  |  |

#### ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT REQUIRED FOR MARYLAND FRANCHISEES

The Area Representative Agreement between OnAxis Franchising Group, LLC, ("Franchisor") and ("Area Representative") dated (the "Agreement") is amended by the addition of the following language, which is considered an integral part of the Agreement (the "State Addendum"):

- 1. The provisions of this Addendum form an integral part of and are incorporated into the Area Representative Agreement. This Addendum is being signed because: (a) the offer or sale of the franchise to Area Representative was made in the State of Maryland; (b) Area Representative is a resident of the State of Maryland; and/or (c) the Green Home Solutions Area Representative Business will be located or operated in the State of Maryland.
- 2. The following language is added to the end of Section 2.3:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

3. The following sentence is added to the end of Section 1:

Representations in the Area Representative Agreement are not intended to, nor will they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Sections 3.2.4 and 11.2.2:

The general release required as a condition of renewal or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. The following sentence is added to the end of Section 19.2:

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

6. The following subsections under Section 21 (Acknowledgements) are deleted in their entirety: Section 21.1 (Receipt of this Agreement and the Franchise Disclosure Document), Section 21.2 (Consultation by Area Representative), Section 21.4 (Risk), and Section 21.5 (No Guarantee of Success).

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

8. 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.

9. Any capitalized terms that are not defined in this Addendum have the meaning given them in the Area Representative Agreement.

10. Except as expressly modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the Area Representative on behalf of itself and its Principals, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly signed and delivered this State Addendum to the Agreement on the date first set forth above.

#### **FRANCHISOR:**

#### **AREA REPRESENTATIVE:**

#### ONAXIS FRANCHISING GROUP, LLC

| By:  | By:    |
|--|--------|
| Name: Jeff Panella                         | Name:  |
| Title: President & Chief Executive Officer | Title: |
| Date:                                      | Date:  |
|  |        |

| 1 m    |      |
|--------|------|
| Date:  | <br> |
|        |      |
| By:    |      |
| Name:  |      |
| Title: |      |
| Date:  |      |
|        |      |
| By:    |      |
| Name:  |      |
| Title: |      |
| Date:  |      |

## ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT REQUIRED FOR MINNESOTA FRANCHISEES

The Area Representative Agreement between OnAxis Franchising Group, LLC, ("Franchisor") and ("Area Representative") dated \_\_\_\_\_\_ (the "Agreement") is amended by the addition of the following language, which is considered an integral part of the Agreement (the "State Addendum"):

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being signed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) the Green Home Solutions Franchised Business will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Section 2.3:

The Initial Area Representative Fee will be due when you begin operating your Area Representative Business.

3. The following sentence is added to the end of Sections 3.2 and 14:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivisions 3,4, and 5 which require, except in certain cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

4. The following sentence is added to the end of Section 3.2.4 and 11.2.2(g):

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposes by Minnesota Statute \$ 80C.01 – 80c.22.

5. The following sentences are added to the end of Sections 19.2, 19.3 and 19.7:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. 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 have the meaning given them in the Area Representative Agreement.

8. Except as expressly modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the Area Representative on behalf of itself and its Principals, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly signed and delivered this State Addendum to the Agreement on the date first set forth above.

#### **FRANCHISOR:**

#### **AREA REPRESENTATIVE:**

| ONAXIS FRANCHISING GROUP, LLC              |        |
|--|--------|
| By:  | By:    |
| Name: Jeff Panella                         | Name:  |
| Title: President & Chief Executive Officer | Title: |
| Date:                                      | Date:  |
|  | By:    |
|  | Name:  |
|  | Title: |
|  | Date:  |
|  | By:    |
|  | Name:  |
|  | Title: |
|  | Date:  |

#### ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT REQUIRED FOR NEW YORK FRANCHISEES

The Area Representative Agreement between OnAxis Franchising Group, LLC, ("Franchisor") and ("Area Representative") dated \_\_\_\_\_\_ (the "Agreement") is amended by the addition of the following language, which is considered an integral part of the Agreement (the "State Addendum"):

## NEW YORK LAW MODIFICATION

1. The New York Department of Law requires that certain provisions in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 to 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

a. <u>Release</u>. If Area Representative must sign a release of claims or acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, that release excludes claims arising under the New York General Business Law, Article 33, Sections 680 to 695 and the regulations promulgated thereunder, and the acknowledgments will be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. <u>Governing Law</u>. Section 19.11 of the Agreement is amended by adding the following sentence at the end of the Section: "The foregoing choice of law should not be considered a waiver of any right conferred on the franchisor or on the franchisee by Article 33 of the General Business Law of the State of New York."

c. <u>Termination by Area Representative</u>. Section 14.1 of the Agreement is amended to add the following sentence at the end of the Section: "Notwithstanding anything in this Section 14.1 to the contrary, Area Representative may terminate the Agreement on any grounds available by law."

d. <u>Renewal, Extension, Approval of Transfer</u>. Sections 3 and 11 are amended by adding the following: "However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the general Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this provision that the non-waiver provisions of the General business Law sections 687.4 and 687.5 be satisfied."

e. <u>Assignment</u>. Section 11.1 is amended by adding the following sentence at the end of the Section: "However, no assignment will be made except to an assignee who in Franchisor's good faith and judgment, is willing and financially able to assume the Franchisor's obligations under the Franchise Agreement."

2. 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.

3. Each provision of this State Addendum is effective only to the extent that the jurisdictional requirements of New York General Business Law, with respect to each provision are met independent of this State Addendum. This State Addendum will have no force or effect if the jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Area Representative on behalf of itself and its Principals, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly signed and delivered this State Addendum to the Agreement on the date first set forth above.

#### **FRANCHISOR:**

#### **AREA REPRESENTATIVE:**

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

| ONAXIS FRANCHISING GROUP, LLC              |        |
|--|--------|
| By:  | By:    |
| Name: Jeff Panella                         | Name:  |
| Title: President & Chief Executive Officer | Title: |
| Date:                                      |        |
|  | By:    |
|  | Name:  |
|  | Title: |
|  | Date:  |
|  | By:    |
|  | Name:  |
|  | Title: |

#### ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT REQUIRED FOR NORTH DAKOTA FRANCHISEES

The Area Representative Agreement between OnAxis Franchising Group, LLC, ("Franchisor") and ("Area Representative") dated (the "Agreement") is amended by the addition of the following language, which is considered an integral part of the Agreement (the "State Addendum"):

1. The North Dakota Securities Commissioner requires that certain provisions in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 to 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, the provisions are amended as follows:

a. If the Area Representative is required in the Agreement to sign a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, the release will exclude claims arising under the North Dakota Franchise Investment Law, and the acknowledgments will be void with respect to claims under the Law.

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

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by the law of a state other than the State of North Dakota, to the extent that law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed on before the arbitration or if the parties cannot agree on a location, the arbitrator will determine the location.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that Area Representative consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota law.

i. Any provision that requires Area Representative to consent to a claims period that differs from the applicable statute of limitations period under North Dakota law may not be enforceable under North Dakota law.

2. 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.

3. Each provision of this State Addendum will be effective only to the extent that the jurisdictional requirements of North Dakota Franchise Investment Law, with respect to each provision are met independent of this State Addendum. This State Addendum will have no force or effect if these jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Area Representative on behalf of itself and its Principals, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly signed and delivered this State Addendum to the Agreement on the date first set forth above.

#### **FRANCHISOR:**

#### **AREA REPRESENTATIVE:**

ONAXIS FRANCHISING GROUP, LLC

| By:  | By:    |
|--|--------|
| Name: Jeff Panella                         | Name:  |
| Title: President & Chief Executive Officer | Title: |
| Date:                                      | Date:  |
|  |        |

| By:    |      |
|--------|------|
| Name:  |      |
| Title: | <br> |
| Date:  |      |
|        |      |
| By:    |      |
| Name:  |      |
| Title: |      |
| Date:  |      |
|        |      |
| By:    |      |
| Name:  |      |
|        |      |
| Date:  |      |

#### ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT REQUIRED FOR SOUTH DAKOTA FRANCHISEES

The Area Representative Agreement between OnAxis Franchising Group, LLC, ("Franchisor") and ("Area Representative") dated \_\_\_\_\_\_ (the "Agreement") is amended by the addition of the following language, which is considered an integral part of the Agreement (the "State Addendum"):

1. The provisions of this Addendum form an integral part of and are incorporated into the Area Representative Agreement. This Addendum is being signed because: (a) the offer or sale of the franchise to Area Representative was made in the State of South Dakota; (b) Area Representative is a resident of the State of South Dakota; and/or (c) the Green Home Solutions AR Business will be located or operated in the State of South Dakota.

2. The following sentence is added to the end of Section 2.3:

The Initial Area Representative Fee will be due when you begin operating your Area Representative Business.

3. The following sentence is added at the end of Sections 3.2.4:

Notwithstanding the foregoing, any general release Area Representative must assent to will not apply to any liability Franchisor may have under the South Dakota Franchise Investment Law.

3. The following sentence is added at the end of Section 19:

Under the South Dakota Franchise Investment Law, any provision requiring Area Representative to consent to the jurisdiction of courts outside South Dakota or to consent to the application of laws of a State other than South Dakota is void, provided that the Area Representative Agreement may provide for arbitration in a forum outside of South Dakota. The site of mediation or arbitration must be agreeable to all parties.

4. Section 19.10 of the Area Representative Agreement that contains a jury trial waiver is deleted in its entirety.

5. Section 19 of the Area Representative Agreement is amended to provide that the site of any arbitration or mediation as stated in the Area Representative Agreement is amended to provide that the site of arbitration or mediation must be agreeable to all parties and may not be remote from the Area Representative's place of business.

6. 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 have the meaning given them in the Area Representative Agreement.

8. Except as modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the Area Representative on behalf of itself and its Principals, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly signed and delivered this State Addendum to the Agreement on the date first set forth above.

#### **FRANCHISOR:**

#### **AREA REPRESENTATIVE:**

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

| ONAXIS FRANCHISING GROUP, LLC              |        |
|--|--------|
| By:  | By:    |
| Name: Jeff Panella                         | Name:  |
| Title: President & Chief Executive Officer | Title: |
| Date:                                      |        |
|  | By:    |
|  | Name:  |
|  | Title: |
|  | Date:  |
|  | By:    |
|  | Name:  |

#### ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT REQUIRED FOR VIRGINIA FRANCHISEES

The Area Representative Agreement between OnAxis Franchising Group, LLC, ("Franchisor") and ("Area Representative") dated \_\_\_\_\_\_ (the "Agreement") is amended by the addition of the following language, which is considered an integral part of the Agreement (the "State Addendum"):

1. The provisions of this Addendum form an integral part of, and are incorporated into the Area Representative Agreement. This Addendum is being signed because: (a) the offer or sale of the franchise to Area Representative was made in the Commonwealth of Virginia; (b) Area Representative is a resident of the Commonwealth of Virginia; and/or (c) the Green Home Solutions Area Representative Business will be located or operated in the Commonwealth of Virginia.

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

3. Section 2.3 of the Area Representative Agreement is amended to add the following:

The Initial Area Representative Fee will be deferred and will not be due until we have completed all of our pre-opening obligations to you and you have opened for business. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Area Representative Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

4. Under 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 Area Representative 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.

5. 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.

6. Except as expressly modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the Area Representative on behalf of itself and its Principals, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly signed and delivered this State Addendum to the Agreement on the date first set forth above.

#### **FRANCHISOR:**

#### AREA REPRESENTATIVE:

#### ONAXIS FRANCHISING GROUP, LLC

| By:    |                                     |
|--------|-------------------------------------|
| Name:  | Jeff Panella                        |
| Title: | President & Chief Executive Officer |
| Date:  |                                     |

| By:    |  |
|--------|--|
| Name:  |  |
| Title: |  |
| Date:  |  |
|        |  |
| By:    |  |
| Name:  |  |
| Title: |  |
| Date:  |  |
|        |  |
| By:    |  |
| Name:  |  |
| Title: |  |
| Date:  |  |

#### ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT REQUIRED FOR WASHINGTON FRANCHISEES

The Area Representative Agreement between OnAxis Franchising Group, LLC, ("Franchisor") and ("Area Representative") dated \_\_\_\_\_\_ (the "Agreement") is amended by the addition of the following language, which is considered an integral part of the Agreement (the "State Addendum"):

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Area Representative Agreement in your relationship with Franchisor including the areas of termination and renewal of your Area Representative Agreement. There may also be court decisions that may supersede the Area Representative Agreement in your relationship with Franchisor including the areas of termination and renewal of your Area Representative Agreement.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed on at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Representative Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed under a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Under RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Representative agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Area Representative agreement or elsewhere are void and unenforceable in Washington.

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.

IN WITNESS WHEREOF, the Area Representative on behalf of itself and its Principals, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly signed and delivered this State Addendum to the Agreement on the date first set forth above.

#### **FRANCHISOR:**

#### **AREA REPRESENTATIVE:**

| ONAXIS FRANCHISING GROUP, LLC              |        |
|--|--------|
| By:  | By:    |
| Name: Jeff Panella                         | Name:  |
| Title: President & Chief Executive Officer | Title: |
| Date:                                      | Date:  |
|  | By:    |
|  | Name:  |
|  | Title: |
|  | Date:  |
|  | By:    |
|  | Name:  |
|  | Title: |
|  | Date:  |

#### AREA REPRESENTATIVE AGREEMENT

#### **EXHIBIT 1**

#### AREA OF RESPONSIBILITY

Initial Area Representative Fee:

Area Representative Business Address, Telephone Number, Cell Phone Number, Facsimile Number, and E-Mail Address:

| Address:   | <br> |
|------------|------|
| Telephone: |      |
| Cell:      | <br> |
| Fax:       |      |
| E-Mail:    |      |

Name and Address of Each Area Representative and Percentage of Ownership:

| <br>% |
|-------|
| <br>% |
| <br>% |
| <br>% |

Form of Area Representative Legal Entity (check applicable entity):

- \_\_\_\_\_ Corporation; \_\_\_\_\_ Partnership;
- \_\_\_\_\_ Limited Partnership;
- \_\_\_\_\_ Limited Liability Company;
- Sole Proprietorship; Other (Specify)

Organized Under the Laws of the State or Commonwealth of:

The Area of Responsibility is illustrated on the Territory Map and attached zip code, county or state list:

#### **FRANCHISOR:**

#### AREA REPRESENTATIVE:

#### ONAXIS FRANCHISING GROUP, LLC

| By:     |                                     |
|---------|-------------------------------------|
| Name:   | Jeff Panella                        |
| Title:  | President & Chief Executive Officer |
| Date: _ |                                     |

| By:    |
|--------|
| Name:  |
| Title: |
| Date:  |
|        |
| By:    |
| Name:  |
| Title: |
| Date:  |
|        |
| By:    |
| Name:  |
| Title: |
| Date:  |

#### AREA REPRESENTATIVE AGREEMENT

#### EXHIBIT 2

#### **DISCLOSURE ACKNOWLEDGEMENT STATEMENT**

#### THIS DOCUMENT WILL NOT BE SIGNED BY AREA REPRESENTATIVE, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

1. Area Representative acknowledges that it has read this Agreement and Franchisor's Franchise Disclosure Document and that Area Representative understands and accepts the terms in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all Green Home Solutions Franchised Businesses and AR Businesses and thereby to protect and preserve the goodwill of the Marks and the System.

2. Area Representative acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that like any other business, the nature of the business Area Representative will conduct may evolve and change over time, that an investment in this Area Representative Business involves business risks, and that the success of the venture is largely dependent on Area Representative's business abilities and efforts. Franchisor recommends that applicants for Green Home Solutions Area Representative Business is profitable. Franchisor recommends that each applicant for a Green Home Solutions Area Representative Business consult with an attorney of its choosing.

3. Area Representative acknowledges that no representations or statements of actual, average, projected or forecasted sales, profits or earnings have been made with respect to Green Home Solutions Area Representative Businesses, other than information, if any, disclosed in Item 19 of Franchisor's Franchise Disclosure Document or in an authorized, written supplemental earnings claim that supplements Franchisor's Franchise Disclosure Document. Neither Franchisor's sales personnel nor any of Franchisor's employees or officers is authorized to make any other claims or statements as to the earnings, sales or profits or prospects or chances of success that any Area Representative can expect. Franchisor specifically instructs Franchisor's sales personnel, agents, employees, and officers that they are not permitted to make any other claims or statements as to the earnings, sales or profits or the prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to Green Home Solutions Franchised Businesses or Area Representatives. Franchisor will not be bound by any unauthorized representations as to Area Representative's earnings, sales, profits or prospects or chances of success. Area Representative acknowledges that it has not received or relied on any representations by Franchisor, or by Franchisor's officers, directors, shareholders, employees, or agents that are contrary to the statements made in Franchisor's Franchise Disclosure Document or the terms in this Agreement.

4. Area Representative acknowledges that in all of Area Representative's dealings with them, Franchisor's officers, directors, employees, Affiliates, and agents acted only in a representative capacity and not in an individual capacity. Area Representative further acknowledges that this Agreement and all business dealings between Area Representative and these individuals as a result of this Agreement are solely between Area Representative and Franchisor. Area Representative further represents to Franchisor as an inducement to Franchisor's entry into this Agreement that neither Area Representative nor Area Representative's Principals have made misrepresentations in obtaining the rights granted under this Agreement.

5. If Area Representative is a legal entity, Area Representative (a) represents that it is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization, is qualified to do business in all jurisdictions in which its business activities or the nature of properties Area Representative owns requires qualification and has the authority to sign, deliver and carry out all the terms of this Agreement; and (b) agrees and warrants that all certificates representing ownership interests in Area Representative now outstanding or later issued will be endorsed with a legend in form Franchisor approved reciting that the transfer of ownership interests in Area Representative is subject to restrictions in this Agreement. Area Representative further represents and warrants that all Principals and their interests therein are completely and accurately listed in Exhibit 3 of this Agreement and that Area Representative will sign revised versions of Exhibit 3 as necessary during the term of this Agreement to reflect any changes in the information.

**IN WITNESS WHEREOF,** the parties hereto have signed and delivered this Agreement in multiple counterparts on the day and year first written above.

#### FRANCHISOR:

#### **AREA REPRESENTATIVE:**

#### ONAXIS FRANCHISING GROUP, LLC

| By:  | By:    |
|--|--------|
| Name: Jeff Panella                         | Name:  |
| Title: President & Chief Executive Officer |        |
| Date:                                      |        |
|  |        |
|  | By:    |
|  | Name:  |
|  | Title: |
|  | Date:  |
|  |        |
|  | Bv     |

| Dy     |  |
|--------|--|
| Name:  |  |
| Title: |  |
| Date:  |  |

#### AREA REPRESENTATIVE AGREEMENT

#### EXHIBIT 3

#### PERSONAL GUARANTY OF AREA REPRESENTATIVE'S PRINCIPALS

THIS GUARANTY is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

By (list each guarantor):

In consideration of, and as an inducement to, the signing of that certain Area Representative Agreement ("Agreement") on this date by OnAxis Franchising Group, LLC ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including any extensions, renewals and modifications thereof) and afterward as provided in the Agreement, that \_\_\_\_\_\_\_ ("Area Representative") will punctually pay and perform every undertaking, agreement, and covenant stated in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, transfer, and arbitration requirements.

Each of the undersigned consents and agrees that: (i) his or her direct and immediate liability under this Guaranty is joint and several, both with Area Representative and among other guarantors; (ii) he or she will render any payment or performance required under the Agreement on demand if Area Representative fails or refuses punctually to do so; (iii) this liability is not contingent or conditioned on our pursuit of any remedies against Area Representative or any other person; (iv) this liability is not diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence that we may from time to time grant to Area Representative or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Area Representative or its Principals, and for so long as we have any cause of action against Area Representative or its Principals; and (v) this Guaranty continues in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Area Representative, and each of the undersigned waives notice of all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Area Representative arising as a result of the undersigned's signing of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with

respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we seek to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in the proceeding, we are entitled to reimbursement of our expenses, including, but not limited to, reasonable accountants', attorneys' assistants', arbitrators', and expert witness' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred before, in preparation for, or in contemplation of the filing of any proceeding. If we engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned will reimburse us for any of the above-listed expenses we incur.

Subject to the arbitration obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in the state or federal court of general jurisdiction in whose district our headquarters is then located and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

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

| Signatures of Each Guarantor | Percentage of Ownership<br>In Area Representative |
|------------------------------|---|
|                              | %   |
|                              | %   |
|                              | %   |
|                              | %   |
|                              | 0/  |

### AREA REPRESENTATIVE AGREEMENT EXHIBIT 4 PERSONAL COVENANTS

To Be Signed By: Principals, and Area Representative's Directors, Officers, and Management Employees.

Each undersigned ("you") agrees that:

1. All capitalized terms used but not defined in these Personal Covenants have the meanings stated in the Green Home Solutions Area Representative Agreement between OnAxis Franchising Group, LLC ("Franchisor") and \_\_\_\_\_\_ ("Area Representative") dated as of \_\_\_\_\_\_, 20\_\_\_\_ ("Area Representative Agreement").

2. You are the Principal Owner of Area Representative, or you are a director, officer, or management employee of Area Representative; and as such, you expect to or will gain a direct personal benefit from the Area Representative Agreement.

3. As an inducement to Franchisor to enter into the Area Representative Agreement, and in consideration of the direct and personal benefits you will derive from the Area Representative Agreement, you agree that: (i) you have read and understand all the provisions of Section 13 of the Area Representative Agreement; (ii) you will be personally bound by all of the obligations and covenants of the Area Representative Agreement in Section 13 as if the obligations and covenants were made and given personally by you directly to Franchisor; and (iii) the obligations and covenants are fair and reasonable and will not deprive you of your livelihood.

4. If any provision in Section 13 of the Area Representative Agreement is held by a court of competent jurisdiction to be unenforceable as applied to you, then the unenforceable provision may be modified by the court to the extent necessary to render it enforceable, and if it cannot be so modified, it will be severed, and the remainder of Section 13 will remain in full force and effect.

5. These personal covenants are governed by the internal laws of the Commonwealth of Pennsylvania. The undersigned sign and deliver this instrument effective as of the date stated beneath their signatures.

Signature

Signature

Print Name

Print Name

Date

Date

| Signature  | Signature  |
|------------|------------|
| Print Name | Print Name |
| Date       | Date       |
| Signature  | Signature  |
| Print Name | Print Name |
| Date       | Date       |
| Signature  | Signature  |
| Print Name | Print Name |
| Date       | Date       |

#### AREA REPRESENTATIVE AGREEMENT

#### EXHIBIT 5

#### <u>CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT</u> <u>FOR MANAGERS AND INDEPENDENT CONTRACTORS OF AREA REPRESENTATIVE</u>

I, by my signature set forth below, agree to comply with and to be bound by this Confidentiality and Non-Solicitation Agreement (the "Agreement").

I am an employee or independent contractor of \_\_\_\_\_\_ (the "Employer"). Employer is an Area Representative of OnAxis Franchising Group, LLC ("Franchisor"). Franchisor owns certain Confidential Information and Trade Secrets; and, in order to induce Franchisor to disclose such Confidential Information to Employer, Franchisor and Employer have required me to execute this Agreement.

I acknowledge and agree that I will receive consideration from my agreement to comply with and to be bound by this Agreement, in that without this Agreement, Employer would not employ me.

I further acknowledge that I am not employed by OnAxis Franchising Group, LLC, Employer's Franchisor, but that I am solely employed by an independent Area Representative of Franchisor.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of all of which I hereby acknowledge, I agree as follows:

1. <u>Definitions</u>. As used in this Agreement:

1.1 "Confidential Information" means any information related to Employer or Franchisor that Employer or Franchisor discloses to me that either designates as confidential; or that, by its nature, would reasonably be expected to be held in confidence or kept secret. Without limiting the definition of "Confidential Information", all the following will be conclusively presumed to be Confidential Information whether or not Employer or Franchisor designates them as such: (1) Franchisor's Confidential Brand Standards Manuals; (ii) Employers' and Franchisor's cost information; (iii) materials describing the Franchisor's franchise network; (iv) Franchisor's training materials; and (v) other information Employer or Franchisor gives to me in confidence, except where such information is a Trade Secret.

1.2 "Trade Secret" means information that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Without limiting the definition of "Trade Secrets," all the following will be conclusively presumed to be Trade Secrets whether or not Employer or Franchisor designates them as such: (i) Employer's or Franchisor's methods and procedures; (ii) Employer's or Franchisor's advertising, marketing, and public relations strategies.

1.3 The terms "Confidential Information" and "Trade Secret" do not include, regardless of the means of disclosure: (i) information generally known to the trade or the public at the time Employer or Franchisor disclose it to me; (ii) information that becomes known to the trade or the public after Employer or Franchisor disclose it to me, unless it becomes known due to my breach of this Agreement; or (iii) information I can prove was known to me at the time Employer or Franchisor disclosed it to me.

2. <u>Protection of Confidential Information and Trade Secrets</u>. I acknowledge and agree that the Confidential Information and Trade Secrets are not, by definition, generally known in the trade; that they are beyond my present skill and experience; and that for me to develop such Confidential Information and Trade Secrets on my own would be expensive, time consuming, and difficult. I further acknowledge and agree that the Confidential Information and Trade Secrets would, if disclosed to a third party or used by me in violation of this Agreement, provide the third party or me with a competitive advantage, and that they would be economically valuable to the third party or me in the development of a competing business or otherwise. Accordingly, in consideration of Employer's or Franchisor's disclosure of the Confidential Information and Trade Secrets to me, I covenant, warrant, and agree that:

2.1 I will not, during the Term of this Agreement: (i) appropriate or use any Confidential Information or Trade Secret for any purpose other than those designated by Employer, in furtherance of Employer's business, and under Employer's direction; (ii) use any Confidential Information or Trade Secret at any place except at Employer's Green Home Solutions Area Representative Business; (iii) disclose or reveal any portion of the Confidential Information or Trade Secrets to any person, other than to Employer's directors, officers, owners, management employees, or others who have a legitimate business need to know of them in order to further Employer's business; or (iv) divulge or use any Confidential Information or Trade Secrets for the benefit of any other person or entity except as Employer or Franchisor expressly authorize.

2.2 I will not, for 2 years after the termination or expiration of my employment with Employer for any reason: (i) appropriate or use any Confidential Information for any purpose; or (ii) divulge or use any Confidential Information for the benefit of any other person or entity.

2.3 I will not, at any time after the termination or expiration of my employment with Employer for any reason: (i) appropriate or use any Trade Secret for any purpose; or (ii) divulge or use any Trade Secret for the benefit of any other person or entity.

2.4 I will not copy, duplicate, record, or otherwise reproduce any of the Confidential Information or Trade Secrets, in whole or in part; store such Confidential Information or Trade Secrets in a computer retrieval or data base; or otherwise make such Confidential Information or Trade Secrets available to any third party, except as set forth in this Agreement or as Employer or Franchisor specifically authorize.

2.5 I will make all reasonable efforts and take all reasonable precautions required to prevent unauthorized copying or disclosure of any Confidential Information or Trade Secrets.

2.6 On termination or expiration of my employment with Employer for any reason, or when I am no longer assigned to work with any Confidential Information or Trade Secrets, I will promptly surrender to Employer all copies of any Confidential Information or Trade Secrets and any notes, memoranda, and like material concerning or derived from the Confidential Information or Trade Secrets.

3. <u>Unfair Competition</u>. I acknowledge and agree that: (i) any breach by me of Section 2 of this Agreement will be conclusively presumed to constitute unfair competition; and (ii) Sections 1 and 2 of this Agreement are a reasonable effort under the circumstances to maintain the confidentiality of Employer's or Franchisor's Confidential Information and the secrecy of their Trade Secrets.

4. <u>Non-Solicitation of Clients and Customers of Employer</u>. Employee agrees other than on behalf of Employer, Employee will not solicit for him/herself, or any person, entity or business combination, the provision of mold cleaning services or any environmentally friendly cleaning services to any of Employer's

clients or customers for whom or which Employee performed mold cleaning services or any environmentally friendly cleaning services on behalf of Employer during the period of eighteen (18) months immediately before Employee's termination of employment with Employer. This covenant will continue during the term of Employee's employment with Employer and for a period of 2 years thereafter.

5. <u>Works Made for Hire</u>. If Employer directs me to create works derived from any Confidential Information or Trade Secrets, such works will be deemed works made for hire and Employer will own all copyrights in such works, subject to its obligations to assign such rights to Franchisor.

6. <u>Remedies</u>. I agree that I will be liable to Franchisor for any and all damage, damages, loss, losses, costs, and expenses, including reasonable attorneys' fees, caused by my willful or negligent use or disclosure of any Confidential Information, Trade Secret, or information contained therein, in violation of this Agreement. I acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement and is entitled to enforce any provision of this Agreement.

7. <u>Limitation</u>. I understand that this is not an employment agreement of any kind, and that I am an "at-will" employee unless otherwise provided in a written employment agreement with Employer.

8. <u>Construction</u>. This Agreement will be governed for all purposes by the laws of the Commonwealth of Pennsylvania and will be construed to maximize protection for Franchisor's rights in the Confidential Information, Trade Secrets, and goodwill. Notwithstanding the foregoing, the interpretation and enforceability of the covenants set forth in this Agreement will be determined in accordance with the laws of the state in which the Employer's Area Representative Business is located. If any provision of this Agreement is declared void or unenforceable, such provision will be determed severed, and the balance of the Agreement will remain in full force and effect.

IN WITNESS WHEREOF, agreeing to be legally bound hereby, I have duly set my hand and seal to this Confidentiality Agreement and have duly executed and delivered this Confidentiality Agreement as of the date set forth below.

Employee

\_\_\_\_\_

Print Name

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

Address

#### AREA REPRESENTATIVE AGREEMENT

#### EXHIBIT 6

#### **DEVELOPMENT SCHEDULE**

| Year                    | Franchises Sold By End of Year | Cumulative Number of Franchised |
|-------------------------|--------------------------------|---------------------------------|
| (12 Months Beginning on |                                | Businesses to be Sold           |
| the Effective Date)     |                                |                                 |
| 1                       |                                |                                 |
| 2                       |                                |                                 |
| 3                       |                                |                                 |
| 4                       |                                |                                 |
| 5                       |                                |                                 |
| 6                       |                                |                                 |
| 7                       |                                |                                 |
| 8                       |                                |                                 |
| 9                       |                                |                                 |
| 10                      |                                |                                 |

#### **FRANCHISOR:**

#### **AREA REPRESENTATIVE:**

#### ONAXIS FRANCHISING GROUP, LLC

By:\_\_\_\_\_ Name: Jeff Panella Title: President & Chief Executive Officer Date: \_\_\_\_\_

| By:    |  |  |
|--------|--|--|
| Name:  |  |  |
| Title: |  |  |
| Date:  |  |  |
|        |  |  |

| By:    | <br> |
|--------|------|
| Name   | <br> |
| Title: | <br> |
| Date:  |      |

| By:     | <br> |
|---------|------|
| Name: _ | <br> |
| Title:  |      |
| Date:   |      |

#### AREA REPRESENTATIVE AGREEMENT

#### EXHIBIT 7

#### **RELEASE, COVENANT NOT TO SUE, AND INDEMNIFICATION**

 THIS RELEASE, COVENANT NOT TO SUE, AND INDEMNIFICATION ("Release") is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_\_, 20\_\_\_ ("Effective Date"), by and among ONAXIS FRANCHISING GROUP, LLC, a Delaware limited liability company ("Franchisor") on the one hand; and \_\_\_\_\_\_, a \_\_\_\_\_ ("Area Representative"), and \_\_\_\_\_\_, an individual citizen of the State of \_\_\_\_\_\_, and \_\_\_\_\_\_, an individual citizen of the State of \_\_\_\_\_\_\_, and \_\_\_\_\_\_, an individual citizen of the State of \_\_\_\_\_\_\_, and \_\_\_\_\_\_, collectively, "Principal Owners"), on the other hand.

#### RECITALS

WHEREAS, Franchisor and Area Representative are parties to that certain GREEN HOME SOLUTIONS Area Representative Agreement dated as of \_\_\_\_\_\_, 20\_\_\_\_, and certain schedules, exhibits, addenda, attachments, and amendments thereto (collectively, "Area Representative Agreement"); and

#### [FOR USE WHERE AREA REPRESENTATIVE IS RENEWING THE FRANCHISE]

WHEREAS, the Initial Term of the Franchise will expire at the end of \_\_\_\_\_\_, 20\_\_\_\_ and Area Representative desires to renew the Franchise, which renewal requires, among other things, that Area Representative and Principal Owners execute and deliver this Release under Section 3.2.4 of the Area Representative Agreement; and

WHEREAS, Franchisor is agreeable to such renewal, subject to, conditioned on, and in reliance on, compliance by Area Representative and its Principal Owners with Section 3.2.4 of the Area Representative Agreement; and

WHEREAS, Principal Owners are holders of substantial equity in Area Representative and anticipate benefit from the renewal of the Franchise, and hence from this Release, without which Release Franchisor would not agree to renew the Area Representative Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants contained herein, and in further consideration of the Area Representative Agreement, the renewal Area Representative Agreement, and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

#### [FOR USE WHERE FRANCHISEE IS TRANSFERRING THE FRANCHISE]

WHEREAS, Area Representative desires to Transfer the Franchise, certain interests in the Franchise, Franchisee, or certain interests in Franchisee, which Transfer requires, among other things, that Franchisee and Principal Owner execute and deliver this Release under Article 11 of the Area Representative Agreement; and

WHEREAS, Franchisor is agreeable to such Transfer, subject to, conditioned on, and in reliance on, compliance by: (i) Area Representative and Transferee with the Area Representative Agreement, including without limitation Article 11 of the Area Representative Agreement; and (ii) Principal Owners with Article 15 of the Area Representative Agreement; and

WHEREAS, Principal Owners are holders of substantial equity in Area Representative and anticipate benefit from the Transfer of the Franchise, certain interests in the Franchise, Franchisee, or certain interests in Franchisee, and hence from this Release, without which Release Franchisor would not consent to such Transfer;

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants contained herein, and in further consideration of the Area Representative Agreement and the Transfer, and in further consideration of the sum of Ten and No/100 Dollars (\$10.00) in-hand paid to Area Representative and each Principal Owner, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

#### [BODY: FOR USE IN ALL SITUATIONS]

1. **Definitions.** Capitalized terms used but not otherwise defined in this Release will have the same meanings as set forth in the Area Representative Agreement.

Release. In specific consideration of Franchisor's consent to the [Renewal of the Franchise] 2. [Transfer of the Franchise], Area Representative, Principal Owners, and the successors and assigns of any and all of them (collectively, the "Releasing Parties"), hereby release, remise, acquit, and forever discharge Franchisor and its directors, officers, members, employees, agents, and attorneys, and Franchisor's Affiliates and each and all of their directors, officers, shareholders, partners, members, managers, employees, agents, and attorneys, and the successors and assigns of any of them (collectively, "Parties Released"), from and against any and all claims, debts, demands, actions, causes of action, loss, losses, damage, damages, and liabilities of any nature or kind, contingent or fixed, known or unknown, at law or in equity or otherwise, occurring or accruing before the Effective Date of this Release, that arise out of or relate to: (i) the Area Representative Agreement; (ii) the Franchise; (iii) the [Renewal of the Franchise] [Transfer of the Franchise]; or (iv) the business relationship that existed or exists between the Releasing Parties, or any of them, on the one hand, and the Parties Released, or any of them, on the other hand; including, without limitation, the offering of the Franchise and the Franchise offering documents. In the event any of the Releasing Parties raises or asserts any claim, action, or cause of action described in this Section 2 of this Release, or alleges any loss, losses, damage, damages, or liabilities described in this Section 2 of this Release, this Section 2 will be a complete and conclusive defense thereto.

3. <u>**Covenant Not to Sue.**</u> In specific consideration of Franchisor's consent to the [Renewal of the Franchise] [Transfer of the Franchise], the Releasing Parties hereby covenant, warrant, and agree that neither they nor any of them will: (i) make any claim or demand; (ii) commence, or cause or permit to be commenced; (iii) prosecute, or cause or permit to be prosecuted; or (iv) assist or cooperate in the commencement or prosecution of any suit or action at law or in equity, any arbitration or like proceeding, or any administrative or agency proceeding, against or related to the Parties Released, or any of them, for any matter, accruing or arising before the Effective Date of this Release, that arise out of or relate to: (a) the Franchise Agreement; (b) the Franchise; (c) the [Renewal of the Franchise] [Transfer of the Franchise]; or (d) the business relationship that existed or exists between the Releasing Parties, or any of them, on the one hand, and the Parties Released, or any of them, on the other hand; including, without limitation, the offering of the Franchise and the Franchise offering documents.

Indemnification. In specific consideration of Franchisor's consent to the [Renewal of the 4. Franchise] [Transfer of the Franchise], the Releasing Parties covenant, warrant, and agree that they will indemnify, defend, and hold harmless the Parties Released against, and reimburse any and all of the Parties Released for, any and all Claims arising out of or related to any act or omission by the Releasing Parties, or any of them, in violation of or contrary to this Release. For purposes of this indemnification, "Claims" include, without limitation, all obligations, debts, liabilities, demands, claims, causes of action, actions, loss, losses, damage, and damages (actual, consequential, multiplied, enhanced, exemplary, punitive, or otherwise), and costs reasonably incurred in the defense of any claim against any of the Parties Released; including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees; costs of investigations and proof of facts; court costs and other expenses of litigation, arbitration, or alternative dispute resolution; and travel and living expenses. The Party Released affected will have the right to counsel it reasonably chooses. Under no circumstances will any Party Released be required to seek recovery from any insurer, other third party, or otherwise, or to mitigate any losses and expenses of such Party Released, in order to maintain and recover fully a claim under this Section 4 of this Release. No failure to pursue such recovery or to mitigate a loss will in any way reduce or alter the amounts any Party Released may recover. The obligations of the Releasing Parties under this Section 4 will be joint and several.

# THE GENERAL RELEASE REQUIRED AS A CONDITION OF RENEWAL, SALE, AND/OR ASSIGNMENT/TRANSFER DOES NOT APPLY WITH RESPECT TO CLAIMS ARISING UNDER THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, RCW 19.100, AND THE RULES ADOPTED THEREUNDER.

#### THE GENERAL RELEASE REQUIRED AS A CONDITION OF RENEWAL, SALE, AND/OR ASSIGNMENT/TRANSFER WILL NOT APPLY TO ANY LIABILITY UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

#### 5. <u>Miscellaneous</u>.

5.1 The Parties Released are first-party direct beneficiaries or intended third-party beneficiaries of this Release, are entitled to enforce its terms, and are entitled to all its benefits.

5.2 This Release and all matters related to the validity, construction, interpretation, and enforcement of this Release will be governed by the laws of the Commonwealth of Pennsylvania without reference to its choice of law or conflicts of law principles; provided, however, if any or all of the provisions set forth in Sections 2, 3, 4, or 5 of this Release are unenforceable under the laws of the Commonwealth of Pennsylvania, but would be enforceable under the laws of any other jurisdiction where any applicable party is a citizen or resident, then the laws of such other jurisdiction will apply, but only to the provision or provisions that would be unenforceable under the laws of the Commonwealth of Pennsylvania.

5.3 In the event of any litigation or other dispute related to this Release between the Releasing Parties, or any of them, on the one hand, and the Parties Released, or any of them, on the other hand, including without limitation any litigation or dispute related to the making of this Release, any such litigation will be brought in the state or federal court having jurisdiction over the subject matter in the jurisdiction where Franchisor's principal office is located, and the parties specifically and irrevocably consent to the personal jurisdiction of such courts over them and waive any objections thereto they may otherwise have had. The Releasing Parties hereby covenant, warrant, and agree that neither they nor any of them will raise any claim that they or any of them are not subject to personal jurisdiction in the courts enumerated in this Section 5.3 or that venue in any such court is improper, inconvenient, prejudicial, or otherwise inappropriate.

5.4 In the event of any litigation, other dispute, or default related to this Release between the Releasing Parties, or any of them, on the one hand, and the Parties Released, or any of them, on the other hand, including without limitation any litigation or dispute related to the making of this Release, the non-prevailing party will pay the prevailing party the prevailing party's reasonable costs and attorneys' fees related to such litigation, other dispute, or default, which in the event of litigation will be taxed as costs, within 5 days after demand therefor.

5.5 This Release may be executed in multiple counterparts, each of which will be deemed an original, and all of which when taken together will constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Release effective as of the date first written above.

| FRANCHISOR:                                | AREA REPRESENTATIVE: |
|--|----------------------|
| ONAXIS FRANCHISING GROUP, LLC              |                      |
| By:  | By:                  |
| Name: Jeff Panella                         | Name:                |
| Title: President & Chief Executive Officer | Title:               |
| Date:                                      | Date:                |
|  | By:                  |
|  | Name:                |
|  | Title:               |
|  | Date:                |
|  | By:                  |
|  | Name:                |
|  | Title:               |
|  | Date:                |
| PRINCIPAL OWNERS:                          | PRINCIPAL OWNERS:    |
| (Signature)                                | (Signature)          |
|  |                      |
| (Print Name)                               | (Print Name)         |
|  | (Signature)          |
|  | (Print Name)         |

(Signature)

(Print Name)

#### EXHIBIT D

#### FINANCIAL STATEMENTS

#### **Financial Statements**

As of December 31, 2022 and for the period from June 1, 2022 through December 31, 2022

Contents

| Independent Auditor's Report                    | 1-2  |
|---|------|
| Financial Statements                            |      |
| Balance Sheet                                   | 3    |
| Statement of Operations and Accumulated Deficit | 4    |
| Statement of Cash Flows                         | 5    |
| Notes to Financial Statements                   | 6-15 |





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#### Independent Auditors' Report

To the Members OnAxis Franchising Group, LLC

#### Opinion

We have audited the accompanying financial statements of OnAxis Franchising Group, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations and accumulated deficit and cash flows for the period from June 1, 2022 through December 31, 2022, 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 OnAxis Franchising Group, LLC as of December 31, 2022, and the results of its operations and its cash flows for the period from June 1, 2022 through December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit 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 OnAxis Franchising Group, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud 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 OnAxis Franchising Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

# P

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Urish Popeck + Co., LLC

State College, PA May 18, 2023

Balance Sheet

| December 31,  | <br>2022      |
|---|---------------|
| Assets  |               |
| Current Assets  |               |
| Cash  | \$<br>186,27  |
| Accounts receivable, net of allowance of \$4,093                    | 117,5         |
| Franchise fees receivable   | 64,9          |
| Inventory, net of reserve of \$16,000                               | 317,8         |
| Prepaid commissions, current  | 134,7         |
| Prepaid expenses and other current assets                           | 38,1          |
| Total Current Assets  | 859,6         |
| Property and equipment, net of accumulated depreciation of \$46,186 | 4,2           |
| Other Assets  |               |
| Trademarks  | 38,5          |
| Prepaid commissions   | 515,4         |
| Total Other Assets  | 553,9         |
| Total Assets  | \$<br>1,417,8 |
| iabilities and Accumulated Deficit                                  |               |
| Current Liabilities   |               |
| Accounts payable  | \$<br>417,3   |
| Accrued expenses  | 366,7         |
| Funds designated for franchisee advertising                         | 103,0         |
| Deferred revenues, current  | 345,1         |
| Due to member   | 63,6          |
| Total Current Liabilities   | 1,295,8       |
| Long-term Liabilities   |               |
| Deferred revenues   | 1,153,9       |
| Total Liabilities   | 2,449,8       |
|   | (4.004.0      |
| Accumulated Deficit   | <br>(1,031,9  |

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

Statement of Operations and Accumulated Deficit

| Period from June 1, 2022 through December 31,          | 2022          |
|--|---------------|
| Revenues:  |               |
| Royalties  | \$ 1,271,34   |
| Franchise fees   | 233,144       |
| Brand development fees                                 | 189,068       |
| Product sales  | 661,311       |
| Service fees   | 332,285       |
| Other  | 43,721        |
| Total revenues   | 2,730,870     |
| Cost of sales  | 1,254,527     |
| Gross profit   | 1,476,343     |
| Operating expenses                                     | 1,933,084     |
| Loss from operations                                   | (456,741      |
| Interest expense                                       | 14,511        |
| Net loss   | (471,252      |
| Members' equity - beginning of period                  | 100,000       |
| Net deficit assumed from and amounts paid to affiliate | (1,185,653    |
| Member contributions                                   | 625,000       |
| Member distributions                                   | (100,038      |
| Accumulated Deficit - end of period                    | \$ (1,031,943 |

Statement of Cash Flows

| Period from June 1, 2022 through December 31,         |    | 2022      |
|---|----|-----------|
| Cash flows from operating activities                  |    |           |
| Net loss  | \$ | (471,252) |
| Adjustments to reconcile net loss to net cash used in |    |           |
| operating activities:                                 |    |           |
| Depreciation expense                                  |    | 2,865     |
| Reserve for inventory obsolecense                     |    | 16,000    |
| Changes in operating assets and liabilities           |    |           |
| Accounts receivable                                   |    | 4,536     |
| Franchise fees receivable                             |    | (64,966)  |
| Inventory   |    | (98,734)  |
| Prepaid commissions                                   |    | (5,139)   |
| Prepaid expenses and other current assets             |    | (19,876)  |
| Accounts payable                                      |    | 22,687    |
| Accrued expenses                                      |    | 293,254   |
| Funds designated for franchisee advertising           |    | (22,323)  |
| Deferred revenues                                     |    | (21,199)  |
| Net cash used in operating activities                 |    | (364,147) |
| Cash flows from investing activities                  |    |           |
| Purchases of property and equipment                   |    | (1,263)   |
| Cash provided by financing activities                 |    |           |
| Due to member   |    | (36,104)  |
| Member distributions                                  |    | (100,038) |
| Member contributions                                  |    | 625,000   |
| Cash assigned from affiliate                          |    | 174,618   |
| Net payments to affiliate                             |    | (211,791) |
| Net cash provided by financing activities             |    | 451,685   |
| Net increase in cash                                  |    | 86,275    |
| Cash - beginning of period                            |    | 100,000   |
| Cash - end of period                                  | \$ | 186,275   |
| Supplemental disclosure of cash flow information:     |    |           |
| Net deficit assumed from affiliate                    | S  | 973,862   |
| Cash paid for interest                                | \$ | 14,511    |

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

Notes to Financial Statements For the period from June 1, 2022 through December 31, 2022

#### 1. Organization, Business and Summary of Significant Account Policies

The organization, business and summary of significant accounting policies of OnAxis Franchising Group, LLC (a Delaware limited liability company) (the "Company") are presented to assist in understanding the accompanying financial statements. The financial statements and notes are those of the Company, and its management is responsible for their integrity and objectivity. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

#### Business

The Company was formed on December 29, 2021 and filed for change of name to OnAxis Franchising Group, LLC on February 10, 2022, to sell franchises in the United States of America. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the name "Green Home Solutions," which offers a menu of environmentally preferred indoor air quality solutions, including mold cleaning, odor management and disinfections.

On May 20, 2022, the Company entered into a trademark assignment agreement with JC Franchising Group, LLC ("JCFG"), an entity affiliated to the Company through common ownership and control, to purchase the trademarks associated with the registered name "Green Home Solutions." Pursuant to the trademark assignment agreement, the Company acquired the entire right, title and interest in and to the "Green Home Solutions" trademark, as further defined.

On June 1, 2022, the Company entered into an assignment agreement with JCFG whereby, JCFG assigned its interest in certain franchise, area representative and master operator agreements and certain assets and liabilities, as further specified in the assignment agreement, to the Company.

#### Revenue and Cost Recognition

The Company recognizes revenue in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), and adopted FASB Accounting Standards Update ("ASU") No. 2021-02, *Franchisors - Revenue from Contracts with Customers* (Subtopic 952-606) ("ASU 2021-02"). Topic 606 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company derives substantially all its revenue from franchise agreements related to franchise fees, royalties, product sales, service fees, area representative fees, transfer fees and brand development fees.

Certain franchise fees are financed by franchisees over periods defined in the specific finance agreements. Such interest income totaled \$3,697 and is included in Other income in the accompanying statement of operations and accumulated deficit. Other sales terms are typically due immediately.

Notes to Financial Statements For the period from June 1, 2022 through December 31, 2022

#### 1. Organization, Business and Summary of Significant Account Policies (cont.)

Franchise Fees and Royalties

Contract consideration from franchisees and area representatives consist primarily of initial or renewal franchise fees, area representative fees, sales-based royalties, sales-based brand development fees and transfer fees payable by a franchisee for the transfer of its franchise unit to another franchisee. The initial franchise fees and the area representative fees are nonrefundable and collected when the underlying agreement is signed by the franchisee and the area representative. Sales-based royalties and brand development fees are payable monthly. Renewal and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligations under the franchise agreement include the granting of certain rights to access the Company's intellectual property in addition to a variety of activities relating to the opening of a franchise unit. Those costs would include site selection, training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities consistent with those under ASU 2021-02 are recognized as a single performance obligation. For all other pre- opening activities, if any, the Company will determine if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a company-branded franchise unit. The portion of pre-opening activities, if any, that is not brand specific is deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property and are therefore accounted for as a component of a single performance obligation which is satisfied along with granting of certain rights to use the Company's intellectual property over the term of each franchise agreement. The Company's primary performance obligations under the area representative agreement include granting of certain rights to access the Company's intellectual property.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, other than those included under ASU 2021-02, which are not brand specific are recognized when those performance obligations are satisfied.

Initial and renewal franchise fees and area representative fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective agreement.

Notes to Financial Statements For the period from June 1, 2022 through December 31, 2022

#### 1. Organization, Business and Summary of Significant Account Policies (cont.)

Royalties are earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property are recognized as franchisee sales occur and the royalty is deemed collectible.

#### Brand Development Fund

The Company maintains a brand development fund which was established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Brand development fund fees are collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the brand development fund and therefore recognizes the revenues and expenses related to the brand development fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand development fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the brand development fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur.

When brand development fund fees exceed the related brand development fund expenses in a reporting period, advertising costs are accrued up to the amount of brand development fund revenues recognized.

#### Product Sales

Revenues from product sales are recognized when control of the promised goods is transferred to the customer. The Company has elected to treat shipping and handling as fulfillment activities and not a separate performance obligation. Accordingly, the Company recognizes revenue from product sales as single performance obligation at the point of sale or at the time of shipment, which is when transfer of control to the customer occurs.

Provisions for customer volume discounts, product returns, rebates and allowances are variable considerations and are estimated and recorded as a reduction of revenue in the same period the related product revenue is recorded.

#### Other Revenues

All other fees will be recognized as services are rendered.

#### Incremental Costs of Obtaining a Contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the related franchise agreement.

Notes to Financial Statements For the period from June 1, 2022 through December 31, 2022

#### 1. Organization, Business and Summary of Significant Account Policies (cont.)

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates in these financial statements include the valuation of pre-opening services provided to new franchisees, the allowance for doubtful accounts, and the allowance for obsolete inventory. Actual results could materially differ from those estimates.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash maintained at various banking institutions and highly-liquid investments having a maturity of three months or less when purchased. The Company maintains its cash and cash equivalents in non-interest bearing accounts that are insured by the Federal Deposit Insurance Company up to \$250,000. The Company's deposits may, from time to time, exceed the \$250,000 limit; however, management believes that there is no unusual risk present, as the Company places its cash and cash equivalents with financial institutions which management considers being of high quality.

#### Accounts Receivable

Accounts receivable are recorded at the invoiced amount. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on management's experience. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers. Collections on accounts previously written off are included in income as received.

#### Inventory

Inventory, consisting of finished goods, is stated at the lower of cost or net realizable value. Cost is determined on the average cost method. Obsolete inventory is written off when product is no longer saleable.

#### Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs, which are not considered to extend the useful lives of assets or improve asset productivity, are charged to operations as incurred. The cost of assets sold or retired and the related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in operations.

Notes to Financial Statements For the period from June 1, 2022 through December 31, 2022

#### 1. Organization, Business and Summary of Significant Account Policies (cont.)

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which are as follows:

| Software               | 3 years     |
|------------------------|-------------|
| Computer equipment     | 5 years     |
| Furniture and fixtures | 5 - 7 years |

#### Trademarks

Trademarks, which have a cost of \$35,000 at December 31, 2022, have indefinite useful lives and therefore are not amortized and are tested for impairment on an annual basis. Costs incurred to renew or extend the term of such assets are expensed as incurred.

#### Franchised Outlets

The following data represents the Company's franchised outlets as of and for the period from June 1, 2022 through December 31, 2022:

| Franchises sold                       | 15  |
|---------------------------------------|-----|
| Franchises assumed from related party | 193 |
| Franchised outlets in operation       | 204 |
| Master operator in operation          | 1   |

\*Master operator franchised outlets in operation at December 31, 2022, are not included in the franchised outlets in operation in the table above.

#### Income Taxes

The Company has elected to be taxed as a partnership for Federal and state income tax purposes and accordingly, the Company does not pay Federal or state income taxes on its taxable income. Instead, the Company's income or loss is passed on to the members and is reported on their individual income tax returns. Therefore, no provision for Federal or state income taxes is included in these financial statements.

FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. Management has reviewed the tax positions that have been taken and has concluded that no liability or disclosures are necessary. For the Company, tax positions taken include the Company's status as a limited liability company and the approval and qualification for this status.

Notes to Financial Statements For the period from June 1, 2022 through December 31, 2022

### 1. Organization, Business and Summary of Significant Account Policies (cont.)

Impairment of Long-Lived Assets

In accordance with FASB ASC 360-10-45, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property and equipment, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset (if any) are less than the carrying value of the asset. When impairment is identified, the carrying amount of the asset is reduced to its fair value.

#### Advertising

Advertising costs, which totaled \$211,316 during the period from June 1, 2022 through December 31, 2022, are expensed as incurred and are included in operating expenses in the statement of operations and accumulated deficit.

#### 2. Property and Equipment

The Company's property and equipment consisted of the following:

| December 31,                  | 2022        |
|-------------------------------|-------------|
| Software                      | \$<br>8,615 |
| Computer equipment            | 41,829      |
|                               | 50,444      |
| Less accumulated depreciation | (46,186)    |
| Property and equipment, net   | \$<br>4,258 |

Depreciation expense for the period from June 1, 2022 through December 31, 2022 was \$2,865.

Notes to Financial Statements For the period from June 1, 2022 through December 31, 2022

### 3. Line of Credit

The Company has a line of credit agreement with a member dated December 2022, which allows for maximum borrowings of \$3,500,000 through June 2024. Interest is payable monthly on the outstanding principal as defined in the agreement (6% at December 31, 2022). At December 31, 2022, there was no outstanding balance, with \$3,500,000 still available for borrowing.

#### 4. Revenues and Related Contract Balances

#### Disaggregated Revenues

The economic risk of the Company's revenues are dependent on the strength of the United States economy and the Company's ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenue, as it believes this best depicts how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors. Revenues by timing of recognition for the period from June 1, 2022 through December 31, 2022 are below:

| Total revenues         | \$<br>2,730,870 |
|------------------------|-----------------|
| Total over time        | 233,960         |
| Franchise fees         | 209,654         |
| Royalties              | 24,306          |
| Over time:             |                 |
| Total point in time    | 2,496,910       |
| Other                  | 185,909         |
| Service fees           | 190,096         |
| Product sales          | 661,312         |
| Brand development fees | 189,068         |
| Franchise fees         | 23,490          |
| Royalties              | \$<br>1,247,035 |
| Point in time:         |                 |

Notes to Financial Statements For the period from June 1, 2022 through December 31, 2022

#### 4. Revenues and Related Contract Balances (cont.)

#### Contract Balances

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, area representative fees received from the area representatives, prepaid royalties and customer deposits for product sales which are presented as deferred revenues on the accompanying balance sheet. A summary of significant changes in deferred revenues during the period from June 1, 2022 through December 31, 2022 is as follows:

| Deferred revenues - end of period                  | \$ 1,49   | 9,072   |
|--|-----------|---------|
| Revenue recognized during the period               | (23       | 57,450) |
| Additions for deferrals assumed from related party | 1,520,271 |         |
| Additions for fees received                        | 236,251   |         |
| Deferred revenues - beginning of period            | \$        | -       |

Deferred revenues are expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

| Years ending December 31, | Amount      |         |
|---------------------------|-------------|---------|
| 2023                      | \$          | 345,105 |
| 2024                      |             | 284,780 |
| 2025                      |             | 275,077 |
| 2026                      |             | 231,073 |
| 2027                      |             | 181,871 |
| Thereafter                | 181,16      |         |
| Total                     | \$ 1,499,07 |         |

Deferred revenues at December 31, 2022 consistent of the following:

| December 31,                   | Amount    |           |
|--------------------------------|-----------|-----------|
| Franchise units not yet opened | \$ 53,455 |           |
| Opened franchise units         |           | 1,196,056 |
| Area representative units      | 249,561   |           |
| Total                          | \$        | 1,499,072 |

Notes to Financial Statements For the period from June 1, 2022 through December 31, 2022

#### 4. Revenues and Related Contract Balances (cont.)

The direct and incremental costs, principally consisting of commissions, are included in prepaid commissions in the accompanying balance sheet. The direct and incremental costs expected to be recognized over the remaining term of the associated franchise agreements at December 31, 2022 are as follows:

| Years ending December 31, | Amount    |         |
|---------------------------|-----------|---------|
| 2023                      | \$ 134,7  |         |
| 2024                      |           | 130,259 |
| 2025                      |           | 126,398 |
| 2026                      |           | 118,845 |
| 2027                      |           | 91,576  |
| Thereafter                |           | 48,398  |
| Total                     | \$ 650,23 |         |

#### 5. Brand Development

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect brand development fees up to 1% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company.

#### 6. Related-Party Transactions

#### Net Deficit Assumed from and Amounts Paid to Affiliate

Commensurate with the June 1, 2022 assignment agreement with JCFG discussed in Note 1, \$973,862 of net deficit was assigned to the Company. This amount represents the excess of liabilities assumed by the Company over assets assigned and was classified as equity as no cash settlement with JCFG is anticipated. During the period from June 1, 2022 through December 31, 2022, payments of \$211,791 were made to JCFG which are also classified as equity in the accompanying statement of operations and accumulated deficit.

#### Due to Member

As of December 31, 2022, the Company had amounts due to a member totaling \$63,461. No payment terms were established; accordingly, the amounts are included in current liabilities in the accompanying balance sheet as of December 31, 2022.

Notes to Financial Statements For the period from June 1, 2022 through December 31, 2022

#### 7. Employee Benefit Plan

The Company maintains a 401(k) profit sharing plan (the "Plan") for its employees. Substantially all employees of the Company may participate in the Plan provided they meet the eligibility requirements as defined in the Plan. The Company did not contribute to the Plan during the period from June 1, 2022 through December 31, 2022.

#### 8. Guarantees

In November 2020, one of the members of the Company entered into a \$4,050,000 loan agreement with a financial institution (the "Member Debt"), which was guaranteed by the member and JCFG. In June 2022, the Company was added as an unlimited joint and several guarantor of the Member Debt. Monthly interest-only payments at The Wall Street Journal Prime Rate (7.50% at December 31, 2022) plus 1.5 percentage points with minimum interest rate of 4% per annum is due by the member. The Member Debt matures in November 2023. The Company would be obligated in the event that the member is unable to meet principal or interest payments when they become due. The total outstanding obligation of the member and possible exposure to the Company, amounted to approximately \$3,900,000 as of December 31, 2022. The Company believes that the likelihood that it would be required to perform or incur any losses associated with this guarantee is remote.

In April 2021, JCFG entered into a \$250,000 line of credit agreement with a financial institution (the "LOC"), which was guaranteed by one of the members of the Company. In June 2022, the Company was added as an unlimited joint and several guarantor of the LOC. Monthly interest-only payments at The Wall Street Journal Prime Rate (7.50% at December 31, 2022) plus 3 percentage points with minimum interest rate of 6.25% per annum is due by JCFG. The LOC matures in June 2023. The Company would be obligated in the event that JCFG is unable to meet principal or interest payments when they become due. The total outstanding obligation of JCFG and possible exposure to the Company, amounted to approximately \$247,000 as of December 31, 2022. The Company believes that the likelihood that it would be required to perform or incur any losses associated with this guarantee is remote.

#### 9. Commitment

The Company assumed a September 2021 JCFG agreement with a vendor, which among other terms, requires the Company to purchase a minimum of \$43,200 of product from the vendor through August 2031, at which time the agreement automatically renews for an additional five years unless either party is in material breach of the agreement. During the period from June 1, 2022 through December 31, 2022 approximately \$259,000 was purchased from the vendor under the agreement.

#### **10.** Subsequent Events

Management has evaluated events and transactions subsequent to the balance sheet date through the date of the independent auditors' report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. On April 20, 2023, the Company entered into a \$199,000 term loan agreement with a lender, payable in weekly installments through April 2024. The note is collateralized by substantially all Company assets and is personally guaranteed by two members. Management has not identified any other items requiring recognition or disclosure.

## THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

# ONAXIS FRANCHISING GROUP, LLC BALANCE SHEET MARCH 31, 2023

#### ASSETS

| Current Assets:   |                 |
|---|-----------------|
| Cash  | \$<br>34,291    |
| Account receivable, net of allowance of \$4,093                     | 120,772         |
| Franchise fee receivable  | 75,537          |
| Inventory, net of reserve of \$9,350                                | 292,578         |
| Prepaid commissions, current  | 135,000         |
| Prepaid expenses and other current assets                           | <br>21,562      |
| Total Current Assets  | <br>679,740     |
| Property and equipment, net of accumulated depreciation of \$46,186 | <br>6,546       |
| Other Assets:   |                 |
| Trademarks  | 38,500          |
| Prepaid commissions   | <br>522,427     |
| Total Other Assets  | <br>560,927     |
| TOTAL ASSETS  | \$<br>1,247,213 |

### LIABILITIES AND ACCUMULATED DEFICIT

| Current Liabilities:                        |              |
|---|--------------|
| Accounts payable                            | \$ 571,900   |
| Accrued expenses                            | 232,225      |
| Funds designated for franchisee advertising | 97,958       |
| Deferred revenues, current                  | 334,361      |
| Due to member                               | 51,150       |
| Total Current Liabilities                   | 1,287,594    |
| Long-term Liabilities:                      |              |
| Deferred revenues                           | 1,152,500    |
| Total Liabilities                           | 2,440,094    |
| Accumulated Deficit                         | (1,192,881)  |
| TOTAL LIABILITIES AND ACCUMULATED DEFICIT   | \$ 1,247,213 |

Exhibit D - Page 19

# ONAXIS FRANCHISING GROUP, LLC STATEMENT OF OPERATIONS PERIOD FROM JANUARY 1, 2023 THROUGH MARCH 31, 2023

| Revenues:            |         |           |
|----------------------|---------|-----------|
| Royalties            | \$      | 558,129   |
| Franchise fees       |         | 80,544    |
| Product sales        |         | 239,111   |
| Service fees         |         | 73,552    |
| Other                | -       | 21,367    |
| Total revenues       |         | 972,703   |
| Cost of sales        |         | 391,542   |
| Gross profit         |         | 581,161   |
| Operating expenses   | <u></u> | 686,095   |
| Loss from operations |         | (104,934) |
| Interest expense     |         | 1,533     |
| NETLOSS              | \$      | (106,467) |

EXHIBIT E

LIST OF AREA REPRESENTATIVES

### LIST OF AREA REPRESENTATIVES AS OF DECEMBER 31, 2022

AL (includes AL and MS) Mark Petro (1) Brian Brady Glen Snyder 824 Muse Rd. Fincastle, VA 24090 205-968-1425 markp@greenhomesolutions.com brian.brady@greenhomesolutions.com **CT** (includes CT and NY) David Robles (1) 23 Meredith Ln. New Milford, CT 06776 203-628-2227 david.robles@greenhomesolutions.com MA (includes MA and RI) Ray Leung (1) Mihir Shah Lenny Deleon 1A Spaceway Ln. Hopedale, MA 01747 508-779-5501 ray.leung@greenhomesolutions.com mihir.shah@greenhomesolutions.com lenny.deleon@gmail.com

| MN (includes MN, IL, IA, IN, MI, MO, |
|--------------------------------------|
| and WI)                              |
| Charles Clark (1)                    |
| 9197 Davenport St. NE                |
| Blaine, MN 55449                     |
| 612-964-6679                         |
| charles.clark@greenhomesolutions.com |

VA (includes VA, DC, MD, SC, NC, and WV) Brian Brady (1) Andy Brady Glen Snyder Richard Himmel 15512 Winding Ash Dr. Chesterfield, VA 22832 804-822-5167 brian.brady@greenhomesolutions.com andy.brady@greenhomesolutions.com glens@greenhomesolutions.com chris.himmel@greenhomesolutions.com

### AREA REPRESENTATIVES WHO HAVE LEFT THE SYSTEM IN 2022

None.

EXHIBIT F

## CONFIDENTIAL BRAND STANDARDS MANUAL TABLE OF CONTENTS

| ARTICLE I. WELCOME TO GREEN HOME SOLUTIONS                | 8  |
|---|----|
| SECTION 1.01 GREEN HOME SOLUTIONS CORE VALUES             | 10 |
| ARTICLE II. FRANCHISOR MANAGEMENT                         | 11 |
| SECTION 2.01 ADVISORY COUNSELS                            | 14 |
| SECTION 2.02 BACKGROUNDS OF THE CORPORATE TRAINERS        | 15 |
| ARTICLE III. FRANCHISEE OBLIGATIONS                       | 16 |
| SECTION 3.01 GENERAL OBLIGATIONS OF FRANCHISEE            | 16 |
| ARTICLE IV. MENU OF SERVICES OFFERED                      | 17 |
| SECTION 4.01 OVERVIEW OF SERVICES                         | 18 |
| ARTICLE V. CUSTOMER SERVICE STANDARDS                     | 19 |
| SECTION 5.01 CUSTOMER SERVICE STANDARDS                   | 19 |
| SECTION 5.02 CUSTOMER SATISFACTION GUARANTEE              | 20 |
| ARTICLE VI. PROCEDURE                                     | 21 |
| SECTION 6.01 OVERVIEW OF OPERATIONS AND PROCEDURES        | 21 |
| SECTION 6.02 USE OF CRM                                   | 53 |
| SECTION 6.03 FOLLOW UP PROCEDURES                         | 54 |
| SECTION 6.04 BILLING PROCEDURES                           | 55 |
| SECTION 6.05 PAST DUE INVOICES/COLLECTIONS                | 56 |
| SECTION 6.06 CONFIDENTIALITY AND NON-COMPETE              | 57 |
| ARTICLE VII. FRONT OFFICE                                 | 58 |
| SECTION 7.01 INTRODUCTION                                 | 58 |
| SECTION 7.02 FRANCHISE MANAGER                            | 59 |
| SECTION 7.03 APPAREL/UNIFORMS                             | 60 |
| SECTION 7.04 LICENSES AND RENEWALS                        | 61 |
| SECTION 7.05 MANAGEMENT OF CUSTOMER COMPLAINT             | 62 |
| SECTION 7.06 BACKGROUND SCREENING                         | 63 |
| ARTICLE VIII. SALES AND MARKETING/TECHNICIAN              | 64 |
| SECTION 8.01 TECHNICIAN – JOB DUTIES AND RESPONSIBILITIES | 65 |
| SECTION 8.02 TECHNICIAN TRAINING AND CERTIFICATION        | 66 |
| SECTION 8.03 TECHNICIAN – UNIFORM/APPAREL                 | 67 |

| SECTION 8.04 CUSTOMER SATISFACTION GUARANTEE                          | 68  |
|---|-----|
| SECTION 8.05 WHEN NOT TO PROVIDE SERVICES                             | 69  |
| SECTION 8.06 INCIDENT/ACCIDENT REPORTING                              | 70  |
| SECTION 8.07 SAFETY GUIDELINES  | 72  |
| SECTION 8.08 PERSONAL PROTECTIVE EQUIPMENT                            | 73  |
| SECTION 8.09 POTENTIAL HAZARDOUS CHEMICAL HANDLING                    | 74  |
| SECTION 8.10 APPROVED VENDORS AND PRODUCTS                            | 75  |
| SECTION 8.12 PREPARATION WORK   | 78  |
| SECTION 8.13 VEHICLE SETUP  | 79  |
| SECTION 8.14 PRESENTATION AND FAOS                                    | 80  |
| ARTICLE IX. INDUSTRY LAWS AND REGULATIONS                             | 81  |
| SECTION 9.01 SAFETY TRAINING RESOURCES                                | 82  |
| SECTION 9.02 SDS SHEETS   | 83  |
| SECTION 9.03 WRITTEN HAZARD COMMUNICATION PROGRAM                     | 83  |
| SECTION 9.04 LIST OF HAZARDOUS CHEMICALS                              | 86  |
| SECTION 9.05 THE EPA  | 87  |
| ARTICLE X. LEGAL AND SAFETY REQUIREMENTS                              | 91  |
| SECTION 10.01 INDUSTRY SPECIFIC INSPECTION                            | 91  |
| SECTION 10.02 REQUIRED INSURANCE COVERAGE                             | 93  |
| SECTION 10.03 OCCUPATIONAL SAFETY & HEALTH (OSHA)                     | 95  |
| SECTION 10.04 EMERGENCY SITUATIONS                                    | 102 |
| SECTION 10.05 SECURING CONFIDENTIAL COMPANY INFORMATION               | 103 |
| SECTION 10.06 TERRITORY INFRINGEMENT POLICY                           | 112 |
| ARTICLE XI. FRANCHISE MANAGEMENT                                      | 114 |
| SECTION 11.01 FRANCHISE MANAGEMENT OBLIGATIONS                        | 115 |
| SECTION 11.02 OPERATIONS MANAGER JOB DESCRIPTION AND DUTIES           | 116 |
| ARTICLE XII. ADMINISTRATIVE   | 118 |
| SECTION 12.01 RECOMMENDED PRICING                                     | 118 |
| SECTION 12.02 FRANCHISOR'S RIGHT TO AUDIT                             | 119 |
| SECTION 12.03 FRANCHISE OWNER / MANAGER TRAINING REQUIREMENTS         | 120 |
| SECTION 12.04 REQUIREMENTS IN CONNECTION WITH THE SALE OF ANY INTERES |     |
| THE FRANCHISE   | 121 |
| ARTICLE XIII. FIELD INSPECTIONS                                       | 124 |

| SECTION 13.01 REQUIREMENTS IN CONNECTION WITH FIELD INSPECTIONS     | 125 |
|---|-----|
| SECTION 13.02 FIELD INSPECTIONS AND REPORT SYSTEM                   | 126 |
| ARTICLE XIV. FINANCIAL REPORTING REQUIREMENTS AND FORMAT            | 127 |
| SECTION 14.01 ROYALTY REPORTING TO FRANCHISOR                       | 127 |
| SECTION 14.02 PAYMENT REQUIREMENTS                                  | 128 |
| SECTION 14.03 BRAND DEVELOPMENT FUND FEES                           | 129 |
| SECTION 14.04 OTHER FEES  | 130 |
| SECTION 14.05 FINANCIAL STATEMENT SUBMISSIONS REQUIREMENTS          | 131 |
| SECTION 14.06 REQUIRED FILING SYSTEMS                               | 132 |
| SECTION 14.07 RECORD RETENTION REQUIREMENTS FOR FRANCHISOR          | 134 |
| SECTION 14.08 TIME FOR PAYMENT                                      | 135 |
| SECTION 14.09 PAYMENT EXTENSION REQUESTS                            | 136 |
| SECTION 14.10 LATE PAYMENT  | 137 |
| ARTICLE XV. MARKETING & ADVERTISING                                 | 138 |
| SECTION 15.01 MARKETING SUPPORT AND STRATEGY                        | 138 |
| SECTION 15.02 MARKETING DEPARTMENT                                  | 141 |
| SECTION 15.03 BRAND MARKETING FUND FEES                             | 142 |
| SECTION 15.04 LOCAL ADVERTISING PLAN AND EXPENDITURES               | 143 |
| SECTION 15.05 REQUIRED PRE-APPROVAL OF ADVERTISING                  | 144 |
| SECTION 15.06 OUTDOOR ADVERTISING                                   | 145 |
| SECTION 15.07 POLICIES REGARDING COOPERATIVE ADVERTISING            | 146 |
| SECTION 15.08 DIRECT MAIL   | 147 |
| SECTION 15.09 YARD SIGNS  | 148 |
| SECTION 15.10 HOME SHOWS  | 149 |
| SECTION 15.11 PRINT ADVERTISING                                     | 150 |
| SECTION 15.12 TV ADVERTISING  | 152 |
| SECTION 15.13 RADIO ADVERTISING                                     | 153 |
| SECTION 15.14 BILLBOARD ADVERTISING                                 | 154 |
| SECTION 15.15 AUTHORIZATION FOR USE OF IMAGE, VOICE, PERFORMANCE OR |     |
| LIKENESS  | 155 |
| ARTICLE XVI ADDRESS FORMS   | 157 |
| SECTION 16.01 ACCIDENT REPORT FORMS                                 | 157 |

EXHIBIT G

STATEMENT OF PROSPECTIVE FRANCHISEES

## STATEMENT OF PROSPECTIVE FRANCHISEE

# DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF MARYLAND OR THE BUSINESS IS TO BE OPERATED IN MARYLAND.

## THIS DOCUMENT WILL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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

### Acknowledgements and Representations.

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to signing the Franchise Agreement?

Check one: ( ) Yes ( ) No. If no, please comment:

2. Have you studied and reviewed carefully, our Disclosure Document and Area Representative Agreement?

Check one: ( ) Yes ( ) No. If no, please comment:

3. Did you understand all the information contained in both the Disclosure Document and Area Representative Agreement?

Check one: ( ) Yes ( ) No. If no, please comment:

4. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document?

Check one: (  $\ )$  Yes (  $\ )$  No. If yes, please state in detail the oral, written or visual claim or representation:

5. Did any employee or other person speaking on behalf of OnAxis Franchising Group, LLC (note that area representatives and franchisees are not considered a person speaking on behalf of OnAxis Franchising Group, LLC) make any oral, written, or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Green Home Solutions location or business, or the likelihood of success at your franchise business?

Check one (  $\,$  ) Yes (  $\,$  ) No. If yes, please state in detail the oral, written or visual claim or representation:

6. Did any employee or other person speaking on behalf of OnAxis Franchising Group, LLC make any statement or promise regarding the costs involved in operating an Area Representative Business that is contrary to, or different from, the information contained in the Disclosure Document?

Check one: ( ) Yes ( ) No. If yes, please comment:

7. Except as may be stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of OnAxis Franchising Group, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Green Home Solutions location or business or the likelihood of success at your Area Representative business?

Check one: (  $\$ ) Yes (  $\$ ) No. If yes, please state in detail the oral, written or visual claim or representation:

8. Do you understand that the franchise granted is for the right to develop a Green Home Solutions Area Representative Business in a certain Development Area and that we and our affiliates have the right to issue franchises for area representative businesses or operate competing businesses for or at locations, as we determine, outside your Territory?

Check one: ( ) Yes ( ) No. If no, please comment:

9. Do you understand that the Area Representative Agreement and Disclosure Document contain the entire agreement between you and us concerning your Green Home Solutions franchise rights, meaning that any prior oral or written statements not set out in the Area Representative Agreement or Disclosure Document will not be binding?

Check one: ( ) Yes ( ) No. If no, please comment:

10. Do you understand that the success or failure of your Green Home Solutions business will depend in large part upon your skills and experience, your business acumen, your location, the local market for your products and services, the economy, the number of employees you hire, competition and other economic and business factors?

Check one ( ) Yes ( ) No. If no, please comment:

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS STATEMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

## <u>NOTE</u>: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST SIGN BELOW.

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

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

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

APPROVED ON BEHALF OF ONAXIS FRANCHISING GROUP, LLC

Signed: \_\_\_\_

Jeff Panella, President & Chief Executive Officer

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

# EXHIBIT H

## STATE EFFECTIVE DATES

OnAxis Franchising Group, LLC-AR FDD 05/18/2023, as amended 8/25/2023 #169972v1 Exhibit H - Page 1

### STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

| STATE        | EFFECTIVE DATE |
|--------------|----------------|
| California   | August 2, 2023 |
| Hawaii       | June 29, 2023  |
| Illinois     | July 27, 2023  |
| Indiana      | May 22, 2023   |
| Maryland     | Pending        |
| Michigan     | May 22, 2023   |
| Minnesota    | Pending        |
| New York     | June 20, 2023  |
| North Dakota | June 23, 2023  |
| Rhode Island | June 14, 2023  |
| South Dakota | June 22, 2023  |
| Virginia     | July 20, 2023  |
| Washington   | Pending        |
| Wisconsin    | May 22, 2023   |

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 I

DISCLOSURE DOCUMENT RECEIPTS

Exhibit I - Page 1

### RECEIPT

### (Our Copy)

This Disclosure Document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this Disclosure Document carefully.

If OnAxis Franchising Group, LLC offers you an Area Representative Business, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed Area Representative franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the Area Representative Agreement or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If OnAxis Franchising Group, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit B.

The name, principal business address and telephone number of each franchise seller offering the franchise is: OnAxis Franchising, Group, LLC, 136 School Street, #286, Spring Mills, PA 16875, 800-SOLUTIONS and [Individual salesperson name added on FDD dispatch].

ISSUANCE DATE: May 18, 2023, as amended August 25, 2023.

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated May 18, 2023, as amended August 25, 2023 that included the following Exhibits:

Exhibit I - Page 2

- A State Addendum to the Area Representative Disclosure Document
- B State Administrators and Agents for Service of Process
- C Area Representative Agreement
- D Financial Statements
- E List of Area Representatives
- F Confidential Brand Standards Manual Table of Contents
- G Statement of Prospective Franchisees
- H State Effective Dates
- I Disclosure Document Receipts

Date

Signature

Printed Name

Date

Signature

Printed Name

OnAxis Franchising Group, LLC-AR FDD 05/18/2023, as amended 8/25/2023 #169972v1

OnAxis Franchising Group, LLC-AR FDD 05/18/2023, as amended 8/25/2023 #169972v1 Exhibit I - Page 3

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Exhibit I - Page 4

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- H State Effective Dates
- I Disclosure Document Receipts

Date

Signature

Printed Name

Date

Signature

Printed Name

OnAxis Franchising Group, LLC-AR FDD 05/18/2023, as amended 8/25/2023 #169972v1