

**FRANCHISE DISCLOSURE DOCUMENT**

**HOODZ International, LLC**

**A Delaware Limited Liability Company**

**731 Fairfield Court**

**Ann Arbor, MI 48108**

**(888) 514-6639**

**info@HOODZ.com**

**[www.HOODZINTERNATIONAL.COM](http://www.HOODZINTERNATIONAL.COM)**



The franchise offered is for the establishment and operation of a business that offers, markets, promotes, advertises, manages and performs cleaning, inspection, maintenance, repairs, and restoration of commercial exhaust hood systems, conveyor ovens, kitchen equipment, facility premises, grease containment, grease filters, grease tanks, and air filters for establishments where food is prepared and/or served at retail (each, a “Retail Food Service Customer” or “RFSC”), as well as other services authorized by us under our marks, utilizing the HOODZ business system, which is sometimes referred to below as the “Franchise”, or “HOODZ Business.”

The total investment necessary to begin operation of a HOODZ Business with a Standard Territory is \$183,838 to \$231,992. This includes \$83,200 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operations of a HOODZ Business with an Express Territory is \$153,838 to \$201,922. This includes \$53,200 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operations of a conversion HOODZ Business is \$39,088 to \$216,943. This includes \$11,490 to \$68,225 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact your sales representative at 731 Fairfield Court, Ann Arbor, MI 48108, 734-864-9799.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of the contract carefully. Review your contract and this disclosure document with an advisor such as a lawyer or an accountant.

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

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

**Issuance date: March 29, 2024**

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
2. **Spousal Liability.** Your spouse must sign a personal guaranty making your spouse individually liable for your financial obligations under the Franchise Agreement. The guaranty will place your spouse's marital and personal assets at risk if your franchise fails.
3. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Michigan. 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 Michigan than in your own state.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in 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.

***ADDITIONAL DISCLOSURES FOR THE STATE OF MICHIGAN.***

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

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

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 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 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are un-audited, and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

Any questions regarding this notice should be directed to:

State of Michigan  
Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, Michigan 48933  
(517) 373-7117  
miag@michigan.gov

**HOODZ INTERNATIONAL, LLC**  
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**Exhibits**

A – Forms of Agreements

A-1 - Franchise Agreement and Addenda

A-2 - Promissory Note

A-3 – Confidentiality / Non-Disclosure Agreement

A-4 – General Releases(s) – Upon Renewal or Assignment

B – Financial Statements

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## **ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

### 1.1 The Franchisor and its Parents

The franchisor is HOODZ International, LLC. Our principal business address is 731 Fairfield Court, Ann Arbor, MI 48108. To simplify the language in this Disclosure Document, “we,” “us,” “our,” “Company”, and “HOODZ” means HOODZ International, LLC. “You” or “your” means the person or persons to whom a Franchise is awarded. If the Franchise is awarded to a legal or business entity, “you” or “your” means the legal or business entity and the owners of the legal or business entity.

We were formed October 3, 2008, as a Delaware Limited Liability Company, and began offering franchises January 1, 2009. We do business under the name “HOODZ.” We do not do business under any other name; however, our owners have other businesses as described below. We have no other business activities, although we reserve the right to do so in the future.

Our agent authorized to receive service of process is listed in Exhibit D of this Disclosure Document.

Our parent is BELFOR Franchise Group, LLC (f/k/a “DUCTZ Holdings, LLC”) a Michigan Limited Liability Company formed on July 3, 2007 (“BFG”), which has a principal business address of 731 Fairfield Court, Ann Arbor, MI 48108. BFG is a wholly owned subsidiary of BELFOR (USA) Group, Inc. (“BELFOR”), a Colorado corporation formed on June 9, 1995, and located at 185 Oakland Ave, Suite 150, Birmingham, MI 48009. BELFOR is a wholly owned subsidiary of BELFOR Holdings, Inc., a Delaware corporation incorporated on May 24, 2006 and located at 185 Oakland Ave, Suite 150, Birmingham, MI 48009. BELFOR offers property and electronic restoration, machinery refurbishment, data and document restoration, mold remediation, emergency and rapid response. As of December 31, 2023, BELFOR owns and operates 174 outlets in the United States and Canada. BELFOR also owns and operates two (2) units of our affiliate, ZPlumberz.

BELFOR Holdings, Inc. is fully owned by ASP BF Intermediate Sub, LLC, a Delaware limited liability company formed on December 21, 2018. Its principal business address is 299 Park Avenue, 34th Floor, New York NY 10171. ASP BF Intermediate Sub, LLC purchased BELFOR Holdings, Inc. on April 4, 2019.

### 1.2 Market and Competition

HOODZ Businesses offer the above listed services for commercial buildings and institutions. HOODZ Businesses operate under distinctive and proprietary business formats, systems, methods, procedures, techniques, designs and specifications, specific marketing and sales procedures, cleaning, and restoration processes and systems, all of which we (or our affiliates) may improve, further develop or otherwise modify from time to time (collectively referred to as the “HOODZ System” or “System”). We currently plan to develop, promote, and award franchises to establish a franchised network of local owners across the United States, which together with the HOODZ Businesses operated by us or HOODZ North America, LLC, and/or our affiliates (“Company Stores”) will conduct commercial cleaning, maintenance and repair including but not limited to exhaust hood cleaning, oven cleaning and restoration services under the HOODZ name (each, a

“HOODZ Business”) using methods and operating systems as defined in our proprietary operations manual (the “HOODZ System Standards”). You must operate your HOODZ Business according to the HOODZ System.

Following the System, you will market your HOODZ Business services directly to independent and franchised restaurants, schools, institutions, manufacturing facilities and other similar commercial customers.

Your competitors are generally independent contractors and other businesses that offer commercial exhaust hood cleaning, oven cleaning and restoration services. These competitors offer similar services with a wide variety of options. You may also compete with large chains, franchised businesses and other companies with substantial resources. The market for commercial exhaust hood cleaning and oven cleaning services is developed in some geographic areas and developing in other areas, depending on the number of businesses in the area capable of performing similar services, and the number of commercial establishments in the area aware of the availability, regulatory requirements and benefits of such services.

### 1.3 Our Business and the Franchise Offered

We grant franchises for establishing, marketing, promoting, advertising, managing, conducting and operating businesses that perform commercial exhaust hood system and oven cleaning, inspection, maintenance, preventative maintenance, repair and restoration services, as well as other products and services authorized by us under our marks (the “Marks”), currently including, but not limited to, specifically the cleaning, maintenance, replacement, and repair related to the facilities and equipment surrounding commercial kitchens, such as commercial kitchen equipment and appliances, exhaust hood systems, pressure washing, grease and air filters, grease containment and grease tanks, for establishments where food is prepared and/or served at retail (each, a “Retail Food Service Customer” or “RFSC”). You will be awarded a geographic territory (the “Territory”) where you may advertise, and solicit business, and where you may also perform Services under certain conditions as described in Section 1 of the Franchise Agreement (the “Franchise Agreement”) attached as Exhibit A-1 to this Disclosure Document. Under certain conditions, other franchisee(s), Company Store(s) may also solicit and perform commercial exhaust hood cleaning and oven cleaning services, and other cleaning, repair, restoration, maintenance, and/or other related services in the Territory, as described more fully in Item 12 of this Disclosure Document.

You will identify that you are a HOODZ franchisee by exhibiting the Marks on your marketing materials, vehicles, employee uniforms, stationery, business cards, invoices, and other business supplies and materials.

Currently, permitted services include the core NFPA, IMC and IFC regulated, certified and/or standardized activities of filter cleaning and/or filter exchange, cooking equipment cleaning, grease trap services, and any other types of services authorized by us with respect to the HOODZ Business. The maintenance, repair, flushing or recharging of fire suppression or extinguishing systems is not a permitted service of HOODZ Businesses, without our express written consent and only after providing evidence of acceptable training, certification, compliance with National Fire Protection Association codes or other regulations, insurance coverage and indemnification of us.

#### 1.4 Laws and Industry Regulations

You must comply with all federal, state, and local laws, standards and regulations that apply to commercial cleaning, maintenance and repair businesses including but not limited to kitchen exhaust hood cleaning, oven cleaning and restoration businesses in general. If your state, county or local government licenses or regulates contractors and exhaust hood system cleaners, you must be licensed before offering any regulated franchised services. Regardless of any applicable regulations, you must demonstrate to us that you possess the qualifications required to perform the services offered by HOODZ Businesses. According to the International Kitchen Exhaust Cleaners Association, the following jurisdictions currently require exhaust hood system cleaners to hold special licenses or complete testing: Boston, MA, New York City, NY, Las Vegas, NV, Vancouver, WA and Minneapolis, MN. Other jurisdictions may or may soon require them as well. You should investigate these laws and regulations, and keep apprised of changes that are made in areas that you service. You are solely responsible to investigate and determine licensing requirements or testing requirements in the area you would like to service before signing the Franchise Agreement. It is your sole responsibility to investigate and comply with these laws and regulations.

You must maintain your license(s) in good standing with the applicable licensing authority for the entire term of the Franchise Agreement and all renewals.

#### 1.5 Prior Business Experience

We have never conducted business in any other line of business, nor have we offered franchises any other line of business, although we reserve the right to do so.

We do not have any predecessors.

#### 1.6 Affiliates

BELFOR, and our parent, BFG, also owns the companies that offer franchises in the chart below. The franchising companies have offered franchises since their year of formation, only offer franchises in the line of business in the chart, and have never offered franchises in any other line of business. All of the franchising companies in the chart below have the following principal business address: 731 Fairfield Court, Ann Arbor, MI, except the Canadian companies have the following principal business address: 3300 Bridgeway Street, Vancouver, British Columbia V5K 1H9. Winmar's principal business address is 175 Stonach Crescent, London, ON N5V 3G5.

<b>Company</b>	<b>State/Type of Entity</b>	<b>Date of Formation</b>	<b>Number of Outlets</b>	<b>Franchise Offering</b>
1 800 WATER DAMAGE International, LLC ("1 800 WD")	Delaware LLC	Apr. 16, 2015	178	Water damage restoration services, mold remediation, odor removal, fire and smoke and related cleaning services.
DUCTZ International, LLC ("DUCTZ")	Michigan LLC	Mar. 30, 2004	66	HVAC system restoration, coil cleaning and dryer vent services
PACKOUTZ International, LLC ("BLUE KANGAROO PACKOUTZ")	Delaware LLC	August 29, 2019	103	Contents restoration, packing, cleaning, and permanent climate-controlled storage.

PLUMBERZ International, LLC (“Z PLUMBERZ”)	Michigan LLC	Mar. 25, 2019	27	Plumbing, sewer, and drain service to residential, commercial, and industrial buildings.
Patch Boys International, LLC (“THE PATCH BOYS”)	Delaware LLC	May 6, 2020	308	Performing light restoration and reconstruction services in residential homes and commercial businesses.
RedBox+ International, LLC (“REDBOX+”)	Michigan LLC	May 28, 2021	270	Dumpster and portable restroom rental services
HOODZ Canada, Inc.	Federal company (Canada)	Oct. 4, 2011	1	Performing commercial kitchen exhaust system cleaning, inspection, maintenance and restoration services.
DUCTZ Canada, Inc. (operates as “DUCTBUSTERS”)	Federal company (Canada)	Jan. 12, 2018	2	HVAC system restoration, coil cleaning, and dryer vent services
Patch Boys Canada, Inc.	Federal company (Canada)	Jan. 12, 2018	0	Performing light restoration and reconstruction services in residential homes and commercial businesses.
1-800 BOARDUP International, LLC*	Delaware LLC	July 8, 2022	75	Emergency structural stabilization services
Cool Binz International, LLC (“COOL BINZ”)	Michigan LLC	September 29, 2022	0	Temperature-controlled portable storage solutions
Safer Home Services International, LLC (“SAFER HOME SERVICES”)	Michigan LLC	September 29, 2022	3	Residential and commercial pest control
Winmar (Canada) International Ltd. (“Winmar”)	Federal company (Canada)	Dec. 7, 2018	91	Restoration services for residential and commercial properties across Canada that specialize in water damage, fire and smoke restoration services, mold inspection and removal as well as damage restoration and recovery.
JunkCo+ International, LLC	Delaware LLC	January 25, 2024	0	Junk hauling and demolition services

Our parent, BFG, also owns the following companies that do not currently have or offer franchises, but reserve the right to do so in the future, and may offer products or services to franchisees:

Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
DUCTZ North America, LLC (“DZNA”)	Delaware LLC	July 24, 2007	731 Fairfield Court, Ann	5 (company-owned)	HVAC system restoration, coil cleaning, and dryer

			Arbor, MI 48108	DUCTZ Businesses)	vent cleaning services
HOODZ North America, LLC (“HZNA”)	Delaware LLC	Nov. 12, 2009	731 Fairfield Court, Ann Arbor, MI 48108	6 (company- owned HOODZ Businesses)	Commercial exhaust hood system and oven cleaning, inspection, maintenance and restoration services.
PACKOUTZ North America, LLC (“BLUE KANGAROO PACKOUTZ NA”)	Michigan LLC	March 25, 2019	731 Fairfield Court, Ann Arbor, MI 48108	1	Contents restoration, packing, cleaning, and permanent climate-controlled storage.
PLUMBERZ North America, LLC (“Z PLUMBERZ NA”)	Michigan LLC	March 25, 2019	731 Fairfield Court, Ann Arbor, MI 48108	7	Plumbing, sewer, and drain service to residential, commercial, and industrial buildings.
Cool Binz North America, LLC (“COOL BINZ NA”)	Michigan LLC	September 29, 2022	731 Fairfield Court, Ann Arbor, MI 48108	1	Temperature- controlled portable storage solutions
Safer Home Services North America, LLC (“SHSNA”)	Michigan LLC	September 29, 2022	731 Fairfield Court, Ann Arbor, MI 48108	8	Residential and commercial pest control
JunkCo North America, LLC	Michigan LLC	December 6, 2023	731 Fairfield Court, Ann Arbor, MI 48108	1	Junk hauling and demolition services
Hidrent, LLC (offering services as “Task Hero”)	Delaware	Jan. 22, 2024	731 Fairfield Court, Ann Arbor, MI 48108	1	A pioneering technology platform that connects off- duty fire fighters with residential or commercial customers in need of safe, trustworthy, and reliable handyman-type services
BHI Distribution, LLC (“BHI”)	Delaware LLC	Feb. 19, 2008	731 Fairfield Court, Ann Arbor, MI 48108	1	Procurement and distribution of vehicles, equipment and supplies for BELFOR USA and its affiliates and subsidiaries.
DRIPLOC, LLC	Delaware LLC	May 12, 2010	731 Fairfield Court, Ann Arbor, MI 48108	1	Grease containment, may provide equipment and related services to franchisees.

CS Holdings, LLC, d/b/a Colman Wolf (“Colman Wolf”)	Michigan LLC	June 29, 2009	185 Oakland Ave, Birmingham, Michigan 48009	1	Procurement and distribution of equipment and supplies for BELFOR USA and its affiliates and subsidiaries.
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\*1-800 BOARDUP International, LLC is a “fractional franchise” as it is defined in 16 CFR §436,2(d)(2007). In some states, 1-800 BOARDUP, International, LLC is not considered a franchise.

BFG Holdco, Inc., (“BFG Holdco,” formerly known as HRI Holding, Inc.), our affiliate and wholly owned subsidiary of BELFOR also owns the following franchise companies that offer the franchise offerings in the chart below and that may also offer products or services to franchisees:

Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
Chem-Dry, Inc. (“CDI” formerly known as Harris Research, Inc.) doing business under the name “Chem-Dry”	Utah Corp.	March 1994  (originally a California Corp. formed in Nov. 1977)	3310 West End Ave, Suite 620, Nashville, TN 37203	1,240 in the U.S. and 44 in Canada	Offers Chem-Dry franchises, which is a carpet cleaning and upholstery cleaning franchise, since 1978. Offered N-Hance franchises in the U.S. and Canada from May 2003 until August 2017.
NHance, Inc. (“NHI”)	Delaware Corp.	Dec. 31, 2012	1530 North 1000 West, Logan, UT 84321	288	Wood cleaning, coating, protection and other wood care and renewal products and services for wood flooring, cabinetry, trim and other wood furnishings
Devere International, Inc. (“DII”)	California Corp.	Sept. 1987	3310 West End Ave., Suite 620, Nashville, TN 37203	27 Master Franchisees	Offers Chem-Dry master franchises outside of the United States and Canada

**ITEM 2: BUSINESS EXPERIENCE**

President: Nathan Willard

Mr. Willard has served as the President of HOODZ International, LLC in Ann Arbor, MI from May 2021 to the present. Mr. Willard has also served as a Business Coach for HOODZ International, LLC in Ann Arbor, MI, from August 2015 to April 2021.

President of BELFOR Franchise Group, LLC: Rusty Amarante

Mr. Amarante currently serves as President of BELFOR Franchise Group, LLC, located in Ann Arbor, MI and has done so since March 2012. Mr. Amarante has served as Director of Operations

for BELFOR USA Group, Inc., located in Birmingham, MI, since November 1999 to the present. Mr. Amarante also serves as Executive Chairman of BFG Holdco, Inc. located in Nashville, TN from July 2019 to the present and as President of Redbox+ International, LLC in Ann Arbor, MI from September 2022 to January 2024.

Chief Executive Officer: Sheldon Yellen

Mr. Yellen serves as Chief Executive Officer of HOODZ International, LLC and HOODZ North America, LLC, located in Ann Arbor, MI, and has done so from September 2008 to the present. Mr. Yellen has also served as Chief Executive Officer for DUCTZ International, LLC, BELFOR Franchise Group, LLC, and DUCTZ North America, LLC, located in Ann Arbor, MI from July 2007 to the present. Mr. Yellen also serves as Chief Executive Officer of 1 800 WATER DAMAGE International, LLC and 1 800 WATER DAMAGE North America, LLC, located in Ann Arbor, MI, from October 2015 to the present. Mr. Yellen has served as Chief Executive Officer of BELFOR USA Group, Inc., located in Birmingham, MI from April 2004 to the present. Mr. Yellen also has served as Director and CEO of BELFOR Holdings, Inc., in Birmingham, MI, since its inception in September 2006 to the present, and as Director of BFG Holdco, located in Nashville, TN since July 2019 to present.

Chief Financial Officer of BELFOR Franchise Group, LLC: Dave Robertson

Mr. Robertson became Chief Financial Officer for BELFOR Franchise Group LLC, in Ann Arbor, MI, in October 2023. Prior to joining us, he was President of Lake's Lawn & Landscape, in Waterford, MI, from April 2023 through October 2023. From April 2018 through April 2022, Mr. Robertson was Senior Vice President and CFO of Altarum Institute in Ann Arbor, MI.

Treasurer and Secretary of BELFOR Franchise Group, LLC: Chris Jones

Mr. Jones has served as Treasurer and Secretary of HOODZ International, LLC, and HOODZ North America, LLC, located in Ann Arbor, MI, from October 2008 to the present. Mr. Jones has also served as Treasurer and Secretary of BELFOR Franchise Group, LLC, DUCTZ North America, LLC, and DUCTZ International, LLC, located in Ann Arbor, MI, from July 2007 to present. Mr. Jones also serves as Treasurer and Secretary of 1 800 WATER DAMAGE International, LLC and 1 800 WATER DAMAGE North America, LLC, located in Ann Arbor, MI, from September 2015 to the present. Mr. Jones has also served as Group Controller for BELFOR USA Group, Inc., located in Birmingham, MI, from July 2005 to the present.

Senior Vice President of Legal and Franchise Administration: Melanie Parker

Ms. Parker has been the Senior Vice President of Legal and Franchise Administration for all brands owned by BELFOR Franchise Group, LLC since September 2019. Ms. Parker became the Vice President of Legal and Franchise Administration for CDI in October 2015, and serves in the same capacity for NHI, since October 2015 since March 2018.

Senior Vice President of Franchise Sales and Development: Doug Smith

Mr. Smith has been the Senior Vice President of Franchise Sales and Development for all brands owned by BELFOR Franchise Group, LLC since September 2019. Mr. Smith joined the management team at CDI in August 2015 as Senior Vice President of Franchise Sales and Development.

Senior Vice President of Marketing: Abigail Baker

Ms. Baker became the Sr. Vice President of Marketing in May, 2023 after serving as Vice President of Marketing for NHI and CDI in Nashville, TN beginning February 2021. Previously, she joined CDI and NHI in July 2016 as the Director of Marketing in Nashville, TN.

**ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4: BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5: INITIAL FEES**

5.1. Initial Fees for Franchises

Upon signing of the Franchise Agreement for a Territory, you must pay an initial franchise fee to us that varies according to the number of RFSCs in the Territory (the “Initial Franchise Fee”). The Initial Franchise Fee offsets the expenses we incur in registering, marketing, awarding, training, and opening new franchises. The Initial Franchise Fee is deemed fully earned upon payment and non-refundable under any circumstances.

*A. Standard HOODZ Territory*

The Initial Franchise Fee for a Standard Territory is \$59,900 (the “Standard Base Fee”) for a number of no less than 1,600 but not more than 2,000 RFSCs (a “Standard Territory”). For a Standard Territory with more than 2,000 RFSCs, the Initial Franchise Fee will equal the Standard Base Fee, plus \$30.00 for each RFSC over 2,000 (the “Additional Fee”). For example, the Initial Franchise Fee for a location with 2,200 RFSCs will be computed as follows:

$$\$59,900 \text{ (Standard Base Fee)} + (200 \times \$30.00) = \$65,900$$

Each Standard Territory will have a maximum of 3,000 RFSCs. The purchase of more than 3,000 RFSCs in the aggregate at any time during the term of the Franchise Agreement will require the payment of an additional Initial Franchise Fee.

We will determine the number of RFSCs in our sole discretion based on data compiled by the Environmental Systems Research Institute, Inc. (“ESRI”) and InfoUSA. The determination of RFSCs is only for the purposes of determining the Initial Franchise Fee and is not a representation as to the potential number of customers in the Standard Territory, either at the commencement of or during the course of the Term of the Franchise Agreement, including any renewal terms.

*B. Express HOODZ Territory*

The Initial Franchise Fee for an Express Territory is \$29,900 (the “Express Base Fee”) for a number of no less than 750 but not more than 1,000 RFSCs (a “Express Territory”). For an Express Territory with more than 1,000 RFSCs, the Initial Franchise Fee will equal the Express Base Fee,



plus the Additional Fee for each RFSC over 1,000. For example, the Initial Franchise Fee for a location with 1,200 RFSCs will be computed as follows:

$$\$29,900 \text{ (Express Base Fee)} + (200 \times \$30.00) = \$35,900$$

Each Express Territory will have a maximum of 1,599 RFSCs. The purchase of more than 1,599 RFSCs in the aggregate at any time during the term of the Franchise Agreement will require the payment of an additional Initial Franchise Fee.

We will determine the number of RFSCs in our sole discretion based on data compiled by the Environmental Systems Research Institute, Inc. ("ESRI") and InfoUSA. The determination of RFSCs is only for the purposes of determining the Initial Franchise Fee and is not a representation as to the potential number of customers in the Express Territory, either at the commencement of or during the course of the Term of the Franchise Agreement, including any renewal terms.

### *C. Discounts*

HOODZ is a member of the International Franchise Association (IFA) and participates in IFA's VetFran Program, which provides a 20% discount on the Standard Base Fee or Express Base Fee of the Initial Franchise Fee to veterans of the U.S. Armed Forces who have been honorably discharged and meet the requirements of the VetFran Program. This is only applicable for the first Franchise awarded to you by us or our affiliate(s). We reserve the right to require proof that the applicant qualifies for this discount. This discount may not be used in conjunction with the discount for first responders.

We also offer a \$2,500 discount on the Initial Franchise Fee on the first Territory to first responders, which include sworn police officers, paid and volunteer firefighters, and paid and volunteer emergency medical technicians and paramedics. This discount may not be used in conjunction with the Veteran discount. We reserve the right to require proof that the applicant qualifies for this discount. Express Territories are not eligible for any other discounts.

If you wish to purchase multiple Territories at the time you sign your first Franchise Agreement with us, then we will discount the Initial Franchise Fee for the additional Franchise Agreement(s) by (a) \$10,000 for a Standard Franchise or (b) \$5,000 for an Express Franchise. The discount is only applicable toward your initial purchase of a Standard or Express Franchise, and cannot be combined with any other discount, and will not be granted toward any future Territory expansions. At our discretion, we may permit you to purchase more than 1 territory. We do not offer multi-unit development agreements at this time.

We may offer additional financing to those franchisees who meet our credit standards. Our financing is described in more detail in Item 10.

If you qualify for the VetFran discount, then your Initial Franchise Fee will be reduced by \$11,980 for a Standard Franchise and \$5,980 for an Express Territory. If you also qualify for our financing, as described in detail in Item 10, then you may only pay 50% of the Initial Franchise Fee upon signing the Franchise Agreement, such that the initial payment for your Initial Franchise Fee is equal to \$23,960 for a Standard Franchise and \$11,960 for an Express Territory (including both the discount and the financing arrangement).

If you qualify for Tier Five in the chart in Section 5.3 (below) for Conversion Franchisees, then your Initial Franchise Fee will be reduced by \$35,940 (Tier Five discount of 60%) such that

your Initial Franchise Fee could be as low as \$23,960. And, if you also qualify for our financing, as described in detail in Item 10, then you may only pay 25% of the Initial Franchise Fee upon signing the Franchise Agreement, such that the initial payment for your Initial Franchise Fee is equal to \$5,990 (including the discount and the financing arrangement).

### 5.2 Initial Package Fee

You must also purchase from us a fixed initial package (“Initial Package”) that will cost \$23,300 plus sales tax (the “Initial Package Fee”). The Initial Package includes branded apparel, printed marketing materials including trademarked office supplies and stationery, tools and equipment, safety package, bid appointment setting allowance, and a Convention Allowance (as defined below).

If you attend the first Convention that is scheduled to take place within one year of your successful completion of the Jumpstart Training Program and Business Manager and Technical Operations Training (as both are defined in Item 11 of this Disclosure Document) you will receive a \$749 convention allowance (the “Convention Allowance”). The Convention Allowance covers the registration fee for one person to attend the first HOODZ Convention that is scheduled following your successful completion of our Business Manager and Technical Operations Training Program. The Convention Allowance cannot be used to offset any other expenses or requirements associated with your Business and is not refundable. If you do not attend the Convention, the Convention Allowance will be applied to the Convention Non Attendance Fee.

### 5.3 Initial Fees for Conversion Franchises

If you are an existing hood cleaning business that has grossed at least \$100,000 in annual sales in your two (2) most recent fiscal years, then you may qualify to purchase a HOODZ Business as a conversion franchise (“Conversion Franchise”). To be eligible to purchase a Conversion Franchise, you must provide two (2) years’ worth of tax returns (Form 1040 with schedule C, E, or F, Form 1065, Form 1120S, or Form 1120, and any other financial information we may require). Conversion Franchisees are also required to enter into our standard Conversion Addendum, which is currently attached as Exhibit H to the Franchise Agreement.

The Initial Franchise Fee for a Conversion Franchise will be shall be reduced according to the percentages shown in the chart below.

<b>Conversion Tiers</b>	<b>Grossed Annual Sales</b>	<b>Discount on Initial Franchise Fee</b>	<b>Re-Branding Credit*</b>
<b>Tier One</b>	\$100,000 - \$249,999	25%	\$5,000
<b>Tier Two</b>	\$250,000 - \$499,999	35%	\$10,000
<b>Tier Three</b>	\$500,000 - \$749,999	40%	\$15,000
<b>Tier Four</b>	\$750,000 - \$999,999	50%	\$20,000
<b>Tier Five</b>	\$1,000,000+	60%	\$25,000

\*If you are eligible to purchase a Conversion Franchise, then you may also be eligible to receive a one-time re-branding credit (“Re-Branding Credit”) that will be applied toward the cost of vehicle graphics and items from us, our vendors, or our affiliate(s) that must be used within six (6) months after signing the Franchise Agreement.

Depending on the types and condition of the equipment you already own, the Initial Package Fee may be reduced in our sole discretion. At minimum, you will be required to purchase the Logowear Package, Print Marketing Materials, Digital Marketing Package & Convention Allowance for \$5,500 plus sales tax, in lieu of an Initial Package Fee. We reserve the right to require Conversion Franchises to purchase a complete Initial Package if we deem it necessary. Conversion Franchises are not eligible for any other discounts to the Initial Franchise Fee.

#### 5.4 Related Franchisee Package

If you are currently a franchisee in good standing, as determined by us, with one of our franchising affiliates (a “Related Franchisee”), then you may qualify to purchase a HOODZ Business with a discounted Initial Franchise Fee. The Initial Franchise Fee is due upon signing a Franchise Agreement and are fully earned and non-refundable when paid. The Initial Franchise Fee for a Related Franchisee will be twenty-five percent (25%) off of the then-current Initial Franchise Fee, and such discounted fee is limited to up to two (2) Standard Franchises, which must be purchased at the same time. A Related Franchisee cannot use any other discounts, including for a Conversion Franchise.

You must also purchase from us Initial Package and pay the Initial Package Fee plus sales tax.

#### 5.5 Initial Fees for Additional Franchises, Renewals and Transfers

If you are an existing HOODZ franchisee in good standing for a minimum of one year, as determined by us, you may qualify to purchase an additional HOODZ Business with discounted Initial Franchise Fee. Upon signing of the Agreement for a new HOODZ Business, you must pay an Initial Franchise Fee of \$49,900 to us for a single Standard Franchise or \$24,900 for an Express Franchise. The Initial Franchise Fee is deemed fully earned upon payment and non-refundable under any circumstances. The other discounts apply to the Initial Franchise Fee for Additional Franchises.

Depending on the quantities, types, and condition of the equipment you already own, the Initial Package Fee may be waived or reduced in our sole discretion. We reserve the right to require you to purchase a complete Initial Package if we deem it necessary.

Upon the expiration and renewal of your Franchise Agreement (“Renewal Term”), you will not be required to pay the Initial Franchise Fee or Initial Package Fee, but you must pay our then-current renewal term fee, and you may be required by us to purchase new or additional equipment, at your sole expense.

If you are acquiring your HOODZ Business via transfer (“Transfer Term”), then (a) we currently waive the Initial Franchise Fee, (b) you or the seller must pay our then-current Transfer Fee, and (c) you may be required to purchase some or all of the Initial Package, in our discretion. At minimum, you may be required to purchase the Logowear Package, Print Marketing Materials, Digital Marketing Package & Convention Allowance for \$5,500 plus sales tax.

### **ITEM 6: OTHER FEES**

Name of Fee	Amount	Due Date	Remarks
Royalty	<ul style="list-style-type: none"> <li>- 10% of Gross Sales of up to \$999,999.99 for each calendar year</li> <li>- 9% of Gross Sales exceeding \$1,000,000.00 in any given calendar year</li> <li>- 8% of Gross Sales exceeding \$2,000,000.00 in any given calendar year</li> <li>- 7% of Gross Sales exceeding \$3,000,000.00 in any given calendar year (See Remarks)</li> </ul>	This fee is due by automatic debit each Friday (or another day we may designate) for Gross Sales generated during the preceding week ending on Sunday	<p>See Notes 1 through 4</p> <p>If you reach the 7% Royalty level, then we will reduce your Royalty to 7% for the remainder of the calendar year in which you exceeded \$3,000,000.00 in Gross Sales, plus the entire following calendar year.</p> <p>If you fail to achieve the minimum Gross Sales, we may collect a minimum Royalty</p>
Technology, Licensing and Upgrade Fee	Our then current fee, which is presently \$45 per week	Due by automatic debit each Friday (or another day we may designate)	This includes the HOODZ Software (as defined in Item 11 of this Disclosure Document).
Conventions, Regional Meetings and/or Additional Training	The then current fee, which varies depending on the event, but not to exceed \$1,000 max. per person per event	Before the start of meeting	To help offset our out-of-pocket expenses for meeting room space, meals during the meeting, audiovisual rental, workbooks, speakers, etc. Does not include travel, lodging or all meals. Location varies, these fees are payable to and imposed and collected by third parties.
Transfer of Corporation Fee	\$500	Due upon signing transfer documents	Due if you change the legal entity that owns the Franchise, other than one initial transfer prior to the commencement of business.
Transfer Fee	Our then current fee, per Territory; presently, this is \$9,900 if transferred to a new franchisee, or \$3,000 if transferred to a current franchisee.	Due upon Franchisor drafting the transferee's new Franchise Agreement	We reserve the right to increase this fee. These fees are non-refundable.
Transfer Fee - Broker Fee	If you authorize us to enlist a third party broker to locate the transferee, there will also be a broker	Due upon closing of the sale of the HOODZ Business	Payable only if the third party broker located the transferee. Payable to and imposed and collected by us if a broker fee was paid by HOODZ to the

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
	fee, which is approximately \$30,000		third party. Payable to and imposed and collected by the broker if we do not pay a broker fee to the third party.
Brand Marketing Fund (“Brand Marketing Fee”)	Up to 1% of Gross Sales, when established	Deducted weekly	See Note 5
Outstanding Royalties, Support Fees, and Other Fees of Transferor	Will vary under circumstances	Due 6 weeks from the transferee’s execution of the Franchise Agreement	In a transfer, the transferee promises to pay us at the time of closing the following fees if they are not timely paid by the transferor: Royalties, Referral Fees, amounts owed for purchases from us, Late Payment Fees, Late Report Fees, Interest Fees, NSF Fees and any other fees owed, plus interest, as well as any applicable broker fees.
Renewal Fee	10% of the then-current Initial Franchise Fee	At the time you sign a Franchise Agreement for a renewal term	You will sign our then-current Franchise Agreement for the renewal term, which may include materially different terms, including the Royalty rate and/or Territory.
Late Report Fee	\$20 per week that a report is late	Due by automatic debit the Friday (or another day we may designate) after the report is late	Due for each week a report is late.
Late Payment Fee	5% of amount due or \$50 per week, whichever is greater	Due by automatic debit on the Friday (or another day we may designate) following the due date for each late payment	Due for any payment that is not paid when due.
Administrative Fee	Our then current fee, which is presently \$500 per transaction	As incurred	Due upon your request or when we are required due to your actions or request, to amend the Franchise Agreement or when you ask us to consent to various transactions or to services for which a specific fee is not imposed elsewhere in this agreement or the System.

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Collection Fee	Our then current fee, which is presently up to 35% of gross amounts collected on your behalf	As incurred	Due when we collect payment on your behalf for customers who are delinquent in their payment of 90 days or more.
Non-Sufficient Funds (NSF) Fee	Our then current fee, which is presently \$50 per NSF	Due by automatic debit the Friday (or another day we may designate) after the NSF occurs	Due if and when we debit your account for monies owed and there are insufficient funds available.
Convention Non-Attendance Fee	Our then current fee, which is presently \$1,000	Due to us if you fail to attend the Convention and did not receive our prior written permission.	See Note 8
Audit	Cost of inspection or audit estimated at \$2,500-\$3,000, plus 100% of understated Royalty and interest, at the rate of 18% per annum or the maximum rate permitted by applicable law, whichever is less, and all late fees, from the date originally due until the date of payment; if an understatement of Royalty is greater than 3%, you also must pay us an additional penalty fee equal to 10% of the total amount of the understated Gross Sales	Due by automatic debit 15 days after billing	Due if an inspection or audit is made necessary by your failure to furnish reports, supporting records, failure to use approved software generally, failure to use our approved software for scheduling and invoicing, or other information as required, or other information as required, or your failure to furnish these items on a timely basis, or if an understatement of Royalty is greater than 3% for any period reviewed.
Interest	Lesser of 18% per annum or the maximum permitted by law	Due by automatic debit each Friday (or another day we may designate)	Due on all overdue amounts from the date the amounts were originally due.
Insurance	Cost of insurance; if you fail to maintain insurance as required, then we have the right to procure insurance on your behalf and you must pay us on demand the costs and premiums we incur.	As invoiced	You are required to maintain the types and amounts of insurance specified in Item 8 and the Franchise Agreement.

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims directly or indirectly arising out of your HOODZ Business's operation.
Improper Marketing or Service Fee	Greater of \$500 or cost of job	When you solicit, advertise, market, schedule or service customers outside of your Territory	See Note 6
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	See Note 7
NORA Fee	None currently assessed; if we manage accounts through a national or regional accounts program you will pay up to 3% of Gross Sales	As incurred	See Note 9.

### Notes

The preceding table describes other reoccurring or isolated fees or payments that you must pay to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party, in whole or in part. All fees, unless otherwise specified, are uniformly imposed and collected by and payable to HOODZ and are non-refundable. Before Business Manager and Technical Operations Training, you must sign and deliver to us the prescribed form of authorization to debit the HOODZ Business's checking account automatically for all fees due us.

1. You shall pay us a weekly royalty (the "Royalty") equal to ten percent (10%) of Gross Sales up to \$999,999.99, for each calendar year of the Franchise Agreement. If your Gross Sales meet or exceed \$1,000,000.00 in any given calendar year, then we will reduce your Royalty to nine percent (9%) for the remainder of the calendar year in which you exceeded \$1,000,000.00 in Gross Sales, plus the entire following calendar year. If you fail to achieve over \$1,000,000.00 in Gross Sales in the following calendar year, then your Royalty will revert to ten percent (10%) until such time as your Gross Sales meet or exceed \$1,000,000.00. If your Gross Sales meet or exceed \$2,000,000.00 in any given calendar year, then we will reduce your Royalty to eight percent (8%) for the remainder of the calendar year in which you exceeded \$2,000,000.00 in Gross Sales, plus the entire following calendar year. If you fail to achieve over \$2,000,000.00 in Gross Sales in the following calendar year, then your Royalty will revert to nine percent (9%) for Gross Sales until such time as your Gross Sales meet or exceed \$2,000,000.00. If your Gross Sales meet or exceed \$3,000,000.00 in any given calendar year, then we will reduce your Royalty to seven percent (7%) for the remainder of the calendar year in which you exceeded \$3,000,000.00 in Gross Sales, plus the entire following calendar year. If you fail to achieve over \$3,000,000.00 in Gross Sales

in the following calendar year, your Royalty will revert to eight percent (8%) for Gross Sales until such time as your Gross Sales meet or exceed \$3,000,000.

For example: if your Gross Sales meet or exceed \$1,000,000 in July 2024, your Royalty will be nine percent (9%) beginning July 2024 through December 2025. If your Gross Sales in the calendar year 2025 are less than \$1,000,000, your Royalty will be ten percent (10%) beginning January 2026, until your Gross Sales meet or exceed \$1,000,000. If your Gross Sales do not meet the qualifying amount associated with that discounted Royalty, then you must re-qualify for the discounted Royalty in the next calendar year.

If for any reason you and/or the HOODZ Business is found to be out of compliance with the Franchise Agreement, then we reserve the right to reset the Royalty to ten percent (10%) for the remainder of the calendar year, at which time you must re-qualify for the discounted Royalty the following year.

2. If the HOODZ Business fails to achieve the Gross Sales requirement during any consecutive three-month period you must pay us a fixed weekly royalty payment equal to what you would have been assessed had you achieved the Minimum Monthly Gross Sales Requirement (“Fixed Weekly Royalty Payment”). You shall pay us the Royalty based on 10% of the Minimum Monthly Gross Sales Requirement depending on Months in Operation. The Royalty due will be divided equally into weekly payments based on the current Minimum Monthly Gross Sales Requirement. The Fixed Weekly Royalty Payment will continue until the HOODZ Business achieves the required Gross Sales for the applicable Months in Operation for three consecutive months. Each January, we will conduct an accounting of total Royalties paid from the Gross Sales of each HOODZ Business during the prior. In the event of a deficiency in your payment of the Royalty, or any other amounts required to be paid under the Franchise Agreement, you shall immediately, upon notice, pay the deficiency to us. In the event that any accounting discloses that your payments have exceeded the amounts due pursuant to the Franchise Agreement during that period, we will apply the overpayment as a credit on your Royalty account within forty-five (45) days of completion of the accounting, to offset amounts due in the following period. In addition, we also have the terminate the Franchise Agreement, elect to establish another franchisee or Company Store in the Territory or allow another franchisee to advertise, solicit and service customers in your Territory. You agree that any franchise or Company Store we designate may provide Services in the Territory. We, the franchise and Company Store are not liable or obligated to pay you any compensation, and neither the franchise nor we will be considered in breach of any provision of the Franchise Agreement or any other agreement between you and us regardless if minimum Gross Sales are achieved in the future.
3. For purposes of paying the Royalty, our week begins on Monday and ends on Sunday. The Royalty will be assessed to you upon the earlier of (a) receipt of funds from the customer; or (b) 90 days after the date an original invoice is created, regardless of whether the invoice is paid in full. If you transfer the Franchise Agreement to a new owner, the Royalty for all jobs completed prior to the transfer must be paid on the day of closing, regardless of whether the invoice(s) is paid in full. On the effective date of termination of the Franchise Agreement, either by you or by us, you must pay us the Royalty for all jobs completed prior to termination. We will draft the Royalty from your bank account on Friday (or another day we may designate) for the preceding week. You must pay the Royalty by electronic funds



transfer or by such other means as we may specify. We may periodically specify other dates for payment of the Royalty.

4. Royalties are payment for the use of the Marks, System, Territory, and HOODZ System Standards. "Gross Sales" means all revenue generated from operating the HOODZ Business, whether in cash, in services in kind, from barter and/or exchange, or otherwise. You may deduct sales tax and returns.
5. We reserve the right to establish a Brand Marketing Fund (the "Brand Marketing Fund") for the common benefit of System franchisees. We have the right to require you to participate in and contribute up to 1% of your Gross Sales weekly to the Brand Marketing Fund (the "Brand Marketing Fee") in the manner we prescribe and payable upon a timeframe and method we determine.
6. You may not advertise, market, solicit, or service in any way, any customers or customer service locations (a "Customer Service Location") outside your Territory, without our prior written consent. If you advertise, solicit, market, or service customers outside of your Territory without our prior written consent, you must pay us a fee equal to the greater of \$500 or the cost of job for each incident of unauthorized advertising (the "Improper Marketing or Service Fee"). If you advertise, market, solicit, schedule or service customers within another HOODZ franchisee's Territory, we will, in our sole discretion, (a) collect and keep the Improper Marketing or Service Fee or (b) collect and remit the Improper Marketing or Service Fee to the other franchisee. This fee is in addition to, and not in lieu of, any other rights we have under the Franchise Agreement.
7. If you are in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or any related agreement between you and us or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement, and your claim in such action is denied or the action is dismissed, we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.
8. If you fail to attend the Convention, without our prior written permission, you must pay the Convention Non-Attendance Fee of \$1,000. If you miss your first Convention scheduled following your successful completion of our Business Manager and Technical Operations Training Program, the Convention Allowance included in the Initial Package will be applied toward the Convention Non-Attendance Fee.
9. We may provide services to national and/or regional accounts that require centralized overview and support, for purposes of responding to requests and referrals for Services through our franchise system, managing those relationships, and answering calls placed to our toll-free number or a national account on-line access system. In that case, we may charge you a National or Regional Accounts Fee ("NORA Fee") of up to three percent (3%) of Gross Sales generated by the account. The purpose of this fee is to defray the cost of providing national/regional account management services to the franchise system. We do not plan to charge a fee for simple referrals where we do not directly manage the relationship with the

customer, but we reserve the right to do so.

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**A. Standard HOODZ Territory**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due (Note 1)</b>	<b>To Whom Payment is To Be Made</b>
Initial Franchise Fee (Note 2)	\$59,900	\$59,900	Lump sum	On signing your Franchise agreement	Us
Initial Package Fee (Note 3)	\$23,300	\$23,300	Lump sum	On signing your Franchise agreement; not applicable for additional franchises awarded to you	Us
Food and lodging while training, not including the cost of your transportation (Note 4)	\$1,800	\$2,500	Lump sum	As incurred	Third Parties
Vehicle with up-fitting (Note 5)	\$79,000	\$87,000	Lump sum or monthly payments	As incurred	Third Parties
Full time Service Technician for 3 months (Note 6)	\$7,010	\$13,219	Payroll	Per your standard payroll policy	Employee
Business Telephone Fee (Note 7)	\$0	\$150	Monthly payments	As incurred	Third Parties
Mobile Phone or Tablet (Note 8)	\$120	\$360	Monthly	As incurred	Third Parties
High Speed Internet, Anti-Virus Software and Electronic Mail	\$267	\$477	Lump sum	As incurred	Third Parties
Computer System (Note 9)	\$0	\$2,875	Lump sum	As incurred	Third Parties

<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due (Note 1)</b>	<b>To Whom Payment is To Be Made</b>
Uniform Cleaning/Delivery (Note 10)	\$0	\$540	Lump sum	As incurred	Third Parties
Insurance for the first 3 months (Note 11)	\$2,300	\$4,750	Depends on insurance agency	Depends on insurance agency	Third Parties
Global Positioning System/Data Communications Services Fee	\$60	\$111	Monthly/36-month contract	As incurred	Third Parties
International Kitchen Exhaust Cleaners Association (IKECA) Annual Membership Fee (Note 12)	\$0	\$1,175	Lump sum	Annually	Third Parties
International Kitchen Exhaust Cleaners Association (IKECA) Certification Fee (Note 12)	\$0	\$350	Lump sum	Prior to taking the CECS exam	Third Parties
Rent – 3 months (Note 13)	\$0	\$2,400	Lump sum	As incurred	Third Parties
Leasehold Improvements (Note 14)	\$0	\$1,200	Lump sum	As incurred	Third Parties
Security Deposits/Utility Deposits (Note 15)	\$0	\$950	Lump sum	As incurred	Third Parties
Accounting Software Fees	\$81	\$135	Monthly	As incurred	Third Parties
Licenses and Permits (Note 16)	\$0	\$600	Lump sum	As incurred	Third Parties
Additional funds for the first 3 months (Note 17)	\$10,000	\$30,000	Lump sum	As incurred	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due (Note 1)	To Whom Payment is To Be Made
TOTAL ESTIMATED INITIAL INVESTMENT & ADDITIONAL EXPENSES	\$183,838	\$231,9929			

**B. Express HOODZ Territory**

Type of Expenditure	Amount		Method of Payment	When Due (Note 1)	To Whom Payment is To Be Made
Initial Franchise Fee (Note 2)	\$29,900	\$29,900	Lump sum	On signing your Franchise agreement	Us
Initial Package Fee (Note 3)	\$23,300	\$23,300	Lump sum	On signing your Franchise agreement; not applicable for additional franchises awarded to you	Us
Food and lodging while training, not including the cost of your transportation (Note 4)	\$1,800	\$2,500	Lump sum	As incurred	Third Parties
Vehicle with up-fitting (Note 5)	\$79,000	\$87,000	One-time down payment, followed by monthly payments	As incurred	Third Parties
Full time Service Technician for 3 months (Note 6)	\$7,010	\$13,219	Payroll	Per your standard payroll policy	Employee
Business Telephone Fee (Note 7)	\$0	\$150	Monthly payments	As incurred	Third Parties
Mobile Phone or Tablet (Note 8)	\$120	\$360	Monthly	As incurred	Third Parties

<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due (Note 1)</b>	<b>To Whom Payment is To Be Made</b>
High Speed Internet, Anti-Virus Software and Electronic Mail	\$267	\$477	Lump sum	As incurred	Third Parties
Computer System (Note 9)	\$0	\$2,875	Lump sum	As incurred	Third Parties
Uniform Cleaning/Delivery (Note 10)	\$0	\$540	Lump sum	As incurred	Third Parties
Insurance for the first 3 months (Note 11)	\$2,300	\$4,750	Depends on insurance agency	Depends on insurance agency	Third Parties
Global Positioning System/Data Communications Services Fee	\$60	\$111	Monthly/36-month contract	As incurred	Third Parties
International Kitchen Exhaust Cleaners Association (IKECA) Annual Membership Fee (Note 12)	\$0	\$1,175	Lump sum	Annually	Third Parties
International Kitchen Exhaust Cleaners Association (IKECA) Certification Fee (Note 12)	\$0	\$350	Lump sum	Prior to taking the CECS exam	Third Parties
Rent – 3 months (Note 13)	\$0	\$2,400	Lump sum	As incurred	Third Parties
Leasehold Improvements (Note 14)	\$0	\$1,200	Lump sum	As incurred	Third Parties
Security Deposits/Utility Deposits (Note 15)	\$0	\$950	Lump sum	As incurred	Third Parties
Accounting Software Fees	\$81	\$135	Monthly	As incurred	Third Parties
Licenses and Permits (Note 16)	\$0	\$600	Lump sum	As incurred	Third Parties

<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due (Note 1)</b>	<b>To Whom Payment is To Be Made</b>
Additional funds for the first 3 months (Note 17)	\$10,000	\$30,000	Lump sum	As incurred	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT &amp; ADDITIONAL EXPENSES</b>	<b>\$153,838</b>	<b>\$201,9926</b>			

**C. Conversion Franchise**

<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due (Note 1)</b>	<b>To Whom Payment is To Be Made</b>
Initial Franchise Fee (Note 2)	\$5,990	\$44,925	Lump sum	On signing your Franchise agreement	Us
Initial Package Fee (Note 3)	\$5,500	\$23,300	Lump sum	On signing your Franchise agreement; not applicable for additional franchises awarded to you	Us
Food and lodging while training, not including the cost of your transportation (Note 4)	\$1,800	\$2,500	Lump sum	As incurred	Third Parties
Vehicle with up-fitting (Note 5)	\$6,000	\$87,000	Lump sum or monthly payments	As incurred	Third Parties
Full time Service Technician for 3 months (Note 6)	\$7,010	\$13,219	Payroll	Per your standard payroll policy	Employee
Business Telephone Fee (Note 7)	\$0	\$150	Monthly payments	As incurred	Third Parties

<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due (Note 1)</b>	<b>To Whom Payment is To Be Made</b>
Mobile Phone or Tablet (Note 8)	\$120	\$360	Monthly	As incurred	Third Parties
High Speed Internet, Anti-Virus Software and Electronic Mail	\$267	\$477	Lump sum	As incurred	Third Parties
Computer System (Note 9)	\$0	\$2,875	Lump sum	As incurred	Third Parties
Uniform Cleaning/Delivery (Note 10)	\$0	\$540	Lump sum	As incurred	Third Parties
Insurance for the first 3 months (Note 11)	\$2,300	\$4,750	Depends on insurance agency	Depends on insurance agency	Third Parties
Global Positioning System/Data Communications Services Fee	\$20	\$37	Monthly/36-month contract	As incurred	Third Parties
International Kitchen Exhaust Cleaners Association (IKECA) Annual Membership Fee (Note 12)	\$0	\$1,175	Lump sum	Annually	Third Parties
International Kitchen Exhaust Cleaners Association (IKECA) Certification Fee (Note 12)	\$0	\$350	Lump sum	Prior to taking the CECS exam	Third Parties
Rent – 3 months (Note 13)	\$0	\$2,400	Lump sum	As incurred	Third Parties
Leasehold Improvements (Note 14)	\$0	\$1,200	Lump sum	As incurred	Third Parties
Security Deposits / Utility Deposits (Note 15)	\$0	\$950	Lump Sum	As incurred	Third Parties
Accounting Software Fees	\$81	\$135	Monthly	As incurred	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due (Note 1)	To Whom Payment is To Be Made
Licenses and Permits (Note 16)	\$0	\$600	Lump sum	As incurred	Third Parties
Additional funds for the first 3 months (Note 17)	\$10,000	\$30,000	Lump sum	As incurred	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT &amp; ADDITIONAL EXPENSES</b>	\$39,0885	\$216,943			

Our estimate of your initial investment to develop one HOODZ Business is described in the table above. The estimate covers the period before the opening of your franchise and includes a category for additional expenses you may incur during the initial three-month phase after the opening of your franchise. The estimate does not include an owner’s salary or draw. The estimate also does not include cash requirements to cover operating losses or owner’s draw after the initial three-month phase of the franchise. You may need additional funds available, whether in cash or through unsecured credit lines or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your franchise. The estimates below also do not reflect an amount for investment in real estate, since it is assumed that you will lease your premises. We urge you to retain the services of an experienced accountant or financial adviser in order to develop a franchised business plan and financial projections for your franchise.

Your actual investment may vary depending on local conditions particular to your geographic area or market, for example, real estate demand, availability and occupancy rates. Additional variables that may impact your initial investment may be: the size of your facility; age of the structure; length of your lease or other instrument granting you the right to occupy the premises; if your space is to be built out by the developer with no initial out-of-pocket costs to you; lease arrangements; location in the market; costs of demolishing existing leasehold improvements; construction costs; other variable expenses and whether you currently hold a lease for an acceptable location.

Notes

1. In general, none of the expenses listed in the above chart are refundable, except security or utility deposits may be refundable. We may offer financing of a certain amount of the Initial Franchise Fee, as described in more detail in Item 10.



2. The price of the Initial Franchise Fee varies based on the number of RFSCs in the Territory. The Initial Franchise Fee for a Standard Territory is \$59,900. Franchisees are permitted to extend their Territory for an additional \$30.00 per RFSC, for every RFSC over 2,000, except for downtown metropolitan areas. The maximum number of RFSCs in a Standard Territory is 3,000. The Initial Franchise Fee for an Express Territory is \$29,900. Franchisees are permitted to extend their Territory for an additional \$30.00 per RFSC, for every RFSC over 1,000. The maximum number of RFSCs in an Express Territory is 1,599. Estimates are based on a new franchisee buying their first Franchise. The Initial Franchise Fee may be discounted for Conversion Franchises, Related Franchisees, veterans, first responders, and existing franchisees. For a full explanation of all available discounts, see Item 5.

We may finance up to 50% of the Initial Franchise Fee for a Standard, Express, or Related Franchise and up to 75% of the Initial Franchise Fee for a Conversion Franchise. We require a down payment of up to 50% for a Standard, Express, or Related Franchise and up to 25% for a Conversion Franchise. The interest rate will be 9% for up to 36 months. Monthly payments will vary based on the term and the amount financed. See Item 10 for more details.

3. Estimates are based on a new franchisee buying their first HOODZ Business. However, the Initial Package Fee is waived for renewal terms. The Initial Package Fee includes branded apparel, tools and equipment packages, a safety package, print marketing materials, digital and other forms of marketing, bid appointment setting allowance, and the Convention Allowance. For Conversion Franchises, the amount of the Initial Package may be reduced in our discretion. For Related Franchisees, the Initial Franchise Fee may be discounted as described in Item 5. You are required to pay sales tax on the Initial Package, which is not included in the Initial Package Fee.
4. Covers out-of-pocket expenses for lodging and meals for two attendees, who are sharing one hotel room, not including transportation.
5. All service vehicles must meet the requirements described in the HOODZ System Standards and include and include power washing equipment and the HOODZ decal package per our specifications. You may purchase or lease your vehicle. The high and low estimates in our chart are for the full cost of the vehicle, including up fitting charges. Vehicle delivery, applicable sales tax and licensing are not included. Your cost may differ from our estimates based on the year and model, and economic conditions that exist at the time you purchase or lease your vehicle. For a Conversion Franchise, assumes you have a vehicle that meets our specifications, and requires upfitting and vehicle wrapping.
6. You must dedicate a full-time Service Technician to perform the actual cleaning services for the HOODZ Business. This low estimate is based on a Managing Owner working with the Service Technician and the high estimate is based on employing a certified crew leader and a Service Technician.
7. We will provide to you, at no charge, the business phone number and fax number to be used by the Business. This number will be forwarded to any device you choose. The low range estimate is based on having this business number forwarded to your existing device(s). The

high range estimate is based on the business acquiring a second line and equipment with a separate phone service provider.

8. We recommend purchasing one mobile phone or tablet per Service Technician, but, at a minimum, we require one mobile device per vehicle. The cost of the mobile phone or tablet will vary based on your service provider.
9. You must have a computer located at your office site that meets the requirements of HOODZ System Standards and for handling of our then-current HOODZ franchise management software (as defined in Item 11 as the “HOODZ Software”). If you are a Conversion Franchise, you may be required to pay our approved software vendors for the conversion of your business data into the approved service business software.
10. The low range estimate is based on uniform service for two individuals. The high range estimate is based on uniform service for three individuals. All uniforms must be approved by us.
11. Before beginning the HOODZ Business, you shall obtain and maintain in full force and effect throughout the term of the Franchise Agreement and at your sole expense, certain insurance coverages as described in the Franchise Agreement. This item estimates the cost to attain insurance for the first three months of operation. You must provide us with evidence of insurance coverage prior to attending training.
12. IKECA membership and certification is not required, but strongly recommended. The annual membership fee is currently \$1,175 and is subject to change. There is also a one-time \$250 application fee. IKECA approved courses and/or convention attendance may count toward continued education credits which are required for annual renewal. Costs will vary. If you elect to become an active member of IKECA, a Certified Exhaust Cleaning Specialist (CECS) certification is required. The current exam fee for this certification is \$350, which is subject to change.
13. We expect that you will conduct operations from your home. If you choose to rent space for the HOODZ Business, you will need between 300-400 square feet of commercial space. The rent per month will be determined by the size of the space and the location.
14. If you choose to rent a space for your HOODZ Business, you may need to purchase minimal leasehold improvements. The cost will vary depending on the size of the HOODZ Business and any landlord contributions. If you operate your HOODZ Business from your home, you should not incur these expenses.
15. If you choose to rent a space for your HOODZ Business, you may be required to pay a security deposit. The cost will vary depending on your landlord. You may also be required to pay utility deposits. The cost will vary depending on the provider in your area. If you operate your HOODZ Business from home, you should not incur these expenses.

16. Before you open your HOODZ Business, you must obtain any required licenses and business permits, which may include a license or permit to work from your home. You must verify all of the licenses and permits that you need for your HOODZ Business.
17. This Item estimates the working capital needs for the first three months of operation, not including those expenses identified separately in the table. It includes payroll costs for operation and customer service employees, out-of-pocket direct mail costs, general auto maintenance and gasoline, and office overhead. The estimate of additional funds does not include an owner's salary or draw. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the HOODZ Business. The amount of working capital you need will depend on a number of factors. These factors include the area you are located in; how much you follow our methods and procedures; your management skill; experience and business acumen; local economic conditions; the relative effectiveness of your staff; the prevailing wage rate; competition; and the sales level reached during the initial period.

We have relied upon our company-owned stores and the experiences of our HOODZ franchisees, to compile these estimates. You should review them carefully with a business advisor before making any decision to purchase the franchise.

## **ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### ***8.1 Required Purchase of Initial Package***

You must purchase the Initial Package of certain equipment, products, allowances, and supplies as described and listed in Exhibit B to your Franchise Agreement. Currently, our affiliate BHI is the only approved supplier of the following items included in the Initial Package: branded apparel, tools and equipment package items including cleaning supplies, and safety equipment. The items included in the Initial Package will change to reflect the changing needs of the HOODZ Business in accordance with System procedures, and changes in suppliers and/or product specifications. You must purchase all replacement and/or additional cleaning supplies from the designated HOODZ cleaning supplier(s) or another designated source, and we do not have any obligations to you to appoint additional sources. ZEP, or the then-current vendor is the required chemical supplier, which we reserve the right to change at any time. The Initial Package may be modified for Conversion Franchises, but only with our prior written approval.

Some of our officers have an ownership interest in our affiliates BELFOR, BHI, CDI, DRIPLOC, and Colman Wolf. There are no other suppliers in which any of our officers owns an interest at this time, although they reserve the right to do so in the future.

We have developed standards and specifications for various services, products, materials and supplies sold at or used in the operation of the HOODZ Business. You must operate your HOODZ Business according to these standards. These standards will regulate the types, models and brands of required fixtures, furnishings, equipment, signs, materials and supplies to be used in operating your HOODZ Business, the products and services offered to customers and the product categories and designated or approved suppliers of these items (which may be limited to or include us).

The Initial Package materials are shipped, F.O.B. from certain locations, which currently include Detroit, Michigan, Tecumseh, Michigan, Exton, Pennsylvania, Oklahoma City, Oklahoma, Logan, Utah, and Rolling Meadows, Illinois.

While most franchisees choose to order items that use the Marks from our approved suppliers, you are only required to do so when you order your Initial Package and vehicle decals. The remaining items that use the Marks for the operation of your HOODZ Business may be ordered from third party suppliers provided that they meet our standards and specifications for representation of the Marks, and are pre-approved by us. These are stated in the HOODZ System Standards.

## 8.2 Email and Web Site

You must also maintain, on your HOODZ Business computer, an electronic mail account that must enable you to receive and send electronic mail and transfer computer data files with us. You must also maintain a fiber-optic internet or other high speed internet, cable or satellite high speed Internet connection. You must use an email name that we have approved that will have “@HOODZ.us.com” as its suffix for all business related correspondence.

We may, but are not obligated to, create interior pages on the website(s) that contain information about the HOODZ Business and other HOODZ franchised businesses. If we do create such pages, we may require you to prepare all or a portion of the page for the HOODZ Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting.

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the HOODZ Business, including any profile on Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, or any other social media and/or networking site. If such approval is granted by us, you must: (i) establish and operate such World Wide Web or Internet site in accordance with System Standards and any other policies we designate in the HOODZ System Standards or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s).

## 8.3 Insurance

Before attending either the Business Manager and Technical Operations Training, you promise to purchase and maintain in full force and effect throughout the term of the Franchise Agreement and at your expense, insurance protecting you, your employees, and us, our officers, and our employees, against loss, liability, fire, personal injury, death, property damages, or theft arising from, or occurring in connection with, the operation and promotion of the HOODZ Business as specified in detail in Section 7C of the Franchise Agreement or otherwise in writing from us, including, but not limited to, a commercial general liability policy with limits of \$2,000,000 general aggregate, \$2,000,000 products and completed operations aggregate, \$1,000,000 personal and advertising injury limit, and \$1,000,000 per occurrence, automobile liability insurance with a combined single limit of at least \$1,000,000, statutorily required workers’ compensation and employers’ liability insurance with limits of at least \$500,000 by accident, \$500,000 by disease and \$500,000 policy limit; or the minimum limit required by your state, whichever is higher, Umbrella Liability Insurance with a limit of at least \$2,000,000 per occurrence and aggregate the policy shall

list the commercial general liability, automobile liability and workers' compensation/employers' liability policies as scheduled underlying policies and any other insurance as required by any state, county, local, or other municipal insurance requirements. We may modify the types and amounts of insurance you are required to purchase as we deem appropriate in our reasonable discretion. You acknowledge and agree that (a) the insurance you will maintain reflects the minimum amounts of coverage we require, (b) these minimums are not meant to reflect the actual needs you may have, and (c) it is your responsibility to carefully evaluate if these minimums will adequately meet your needs.

All policies will be written by an insurance company(ies) that is/are licensed in the state in which you are doing business, and that has an A.M. Best rating of "A" or better. Currently, you are not obligated by the terms of the Franchise Agreement to purchase your insurance from any specific provider, although we reserve the right to specify the specific provider that you must use in the future.

We may, periodically determine and modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstance. To gain adequate protection, you should discuss with your insurance agent and financial advisor to determine if your personal situation requires you to maintain coverage in excess of the minimums that we require. If any lease or Customer contract requires an insurance policy amount to be higher than the amounts we have listed above, you must obtain the highest amount for such policy.

All general liability insurance policies will name us and our designated affiliates, employees, officers and directors (the "Indemnified Parties") as additional insureds, and will contain no provision which in any way limits or reduces coverage for you if a claim is made by any one or more of the Indemnified Parties, and will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 30 days' notice of any intent to cancel or materially alter any policy.

At least ten (10) days before attending either the Business Manager and Technical Operations Training, commencing the operation of the HOODZ Business, whenever a change is made to your policy, and before expiration of any insurance coverage, you must provide us a copy or certificate or other acceptable proof of such insurance. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our sole option and in addition to our other rights and remedies under the Franchise Agreement, any required insurance coverage on your behalf. We are under no obligation whatsoever to obtain such insurance, but if we do so, you must fully cooperate with us in our efforts and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your HOODZ Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in the Franchise Agreement. You promise to promptly report all material claims, or potential claims, against you, any Indemnified Party or us, to the insurer and to us. You may not commence your HOODZ Business until you have provided the certificates of insurance or other acceptable proof of all insurances.

You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent.

You must provide us with copies of any insurance claims or insurance cancellations within 24 hours. You have a 24 hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least 30 days prior written notice from the insurance carrier to us. We have the right to increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to you, and you shall comply with any such modification within the time specified in said notice.

#### 8.4 Approval of Alternative Suppliers

All products and materials must meet System Standards and specifications for representation of the Marks, and must be pre-approved by us regardless of the supplier. In the event you wish to purchase an unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us a proof of the materials you wish to order to us and a written request for approval. We will notify you in writing of our approval or disapproval within ten days of receipt of the materials and your written request. We have no obligation to approve any particular products, service or supplier. If you do not receive approval within ten days, you should consider the materials disapproved. All products and materials must meet the quality of our current suppliers, and correctly bear the Marks.

Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments and financial stability. Standards and specifications are updated periodically at our sole determination and are made available to you in our HOODZ System Standards, other publications, and on our web site. There is no fee to secure approval to purchase from alternative suppliers, but you must reimburse us our reasonable costs, regardless of if we subsequently approve your request. At our discretion, we may, with notice to you, revoke our approval of any previously approved products due to changes in standards and specifications or if such products subsequently fail to meet the quality of our current suppliers.

Use of products and materials that have not received our prior written approval and/or do not meet our standards and specifications can result in the termination of your Franchise Agreement.

#### 8.5 Business Phone

We may provide you a primary business phone number to be used by the Business. This number will be forwarded to your auto attendant or any device you choose. As part of your local marketing, this number must be dedicated to your HOODZ Business. We may require you to use the phone models and type from the supplier(s) that we designate. We recommend purchasing one mobile phone or tablet per Service Technician, but, at a minimum, we require one mobile device per vehicle.

#### 8.6 Standards and Specifications

You must operate your HOODZ Business according to our standards, specifications, and operating procedures. We will formulate and modify standards and specifications based on our and our franchisee's experiences in operating the HOODZ Business. Our standards and specifications may impose requirements for performance, reputation, quality, and appearance. Our HOODZ System Standards and other communications identify our standards and specifications and/or names of designated or approved suppliers. Standards and specifications are updated periodically at our sole determination.

#### 8.7 Vehicle Standards and Specifications

Currently, the initial vehicle must be leased or purchased through our then currently approved supplier(s), which may include us, our affiliate(s) and/or our parent. We also reserve the right to require that you purchase all additional vehicles through our approved supplier(s). HOODZ Businesses will use vehicles for the HOODZ Business that meet our specifications for pressure washing equipment, model type, color, trademark representation, and appearance. These specifications are included in our HOODZ System Standards. All vehicles purchased or leased for the HOODZ Business must be maintained in a "good" condition as defined by Kelley Blue Book ("good" condition means that the vehicle is free of any major defects) and must include a global positioning system, with continuous data communication service. The paint, body, and interior must have only minor (if any) blemishes, and there cannot be any major mechanical problems. In states where rust is a problem, the amount of existing rust must be very minimal. All vehicles used in the HOODZ Business are to be decaled as required by HOODZ and the decals are to be free of defects.

#### 8.8 Computer Hardware and Software Components

We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a compatible "back office" computer system that complies with our standards and specifications; (ii) a custom and proprietary point of sale system (the "POS System"), if we make such a POS System part of our proprietary operating system in the future; (iii) printers and other peripheral hardware or devices; (iv) archival back-up systems; (v) Internet access mode and speed; and (vi) physical, electronic, and other security systems (collectively, the "Computer System").

We shall have the right, but not the obligation, to develop or designate: (i) computer software programs you must use in connection with any component of the Computer System, including the HOODZ Software, which you shall install at your own expense; (ii) updates, supplements, modifications, or enhancements to the HOODZ Software, which you shall install at your own expense; (iii) the tangible media upon which you record data; and (iv) the database file structure of the Computer System. You will be responsible for the payment of all fees associated with the Computer System, HOODZ Software and POS System.

#### 8.9 Revenues from Franchisee Purchases

In the fiscal year ending December 31, 2023, our total revenues were \$5,901,186.00 and we derived \$0.00, or 0% percent from sales of franchisees' required purchases or leases. In 2023, BFG derived \$221,600.00 from the sale of franchisees' required purchases or leases. Colman Wolf

derived \$129,292.40 from the sale of franchisees' required purchases. CDI derived \$42,541.04 from the sale of franchisees' required purchases.

We estimate that the cost of items purchased according to our specifications will be approximately 65% of your overall purchases in establishing the HOODZ Business and 20-25% of your total purchases during the operation of the HOODZ Business. If you purchase a Conversion Franchise, the items purchased according to our specifications will be approximately 20% to 25% of the overall purchases in establishing the business, and approximately 5% to 25% of the total purchases during the operation of the business.

We reserve the right to mark up and earn a profit, or to otherwise derive revenue, from the products purchased from us or our approved or designated suppliers.

#### 8.10 Cooperatives

As of the date of this offering, we do not have any purchasing or distribution cooperatives.

#### 8.11 Advertising

You must use our approved advertising and marketing materials or receive our written approval of any and all other advertising and marketing materials from us before their first use.

### **ITEM 9: FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Section 1.D	Items 6, 11 and 12
b. Pre-opening purchases/leases	Sections 2.A, 2.B, 2.G, 2.H, 2.I, and 7	Items 6, 7 and 8
c. Site development and other pre-opening requirements	Sections 1.D, 2.F, 2.G, and 3.A	Items 7 and 11
d. Initial and ongoing training	Sections 1.C, 2.A and 3	Items 6, 7 and 11
e. Opening	Sections 2, 3 and 7	Item 11
f. Fees	Sections 2, 6.C, 10.B, 11.D, 13.A, 15.C and 16	Items 5 and 6
g. Compliance with Standards and Policy	Sections 1.C, 1.D, 2, 3, 4 and 7	Items 8, 9, 13 and 16
h. Warranty and customer service requirements	Sections 1.C and 7.A	None



<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
i. Trademarks and proprietary information	Sections 4, 5, 6 and 13.B and 13.C	Items 8, 13 and 14
j. Restrictions on products/services offered	Sections 1.E, 1.F, 1.G and 7	Items 8, 12 and 16
k. Territorial development and sales quotas	Sections 1.D, 2.F and 2.G	Item 6 and 12
l. Ongoing product/service purchases	Sections 2 and 7	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 7 and 11	None
n. Insurance	Sections 7.C	Items 6, 7 and 8
o. Advertising	Sections 1.C, 1.D, 1.E, 2.G, 3.B, 4 and 7.A	Items 6, 8 and 11
p. Indemnification	Section 14.C	Items 6, 8 and 12
q. Owner's participation/management/ staffing	Sections 1.C, 1.H, 7.A and 8	Items 11 and 15
r. Records/reports	Sections 3.B and 7.D	Items 6, 11
s. Inspections and audits	Section 8	Item 6, 11 and 17
t. Transfer	Section 10	Items 6 and 17
u. Renewal	Section 11	Item 6 and 17
v. Post-termination obligations	Sections 6 and 13	Item 17
w. Non-competition covenants	Sections 6 and 13.D	Item 17
x. Dispute resolution	Section 15.F	Item 17

## **ITEM 10: FINANCING**

### 10.1 Initial Franchise Fee

If we grant you the right to open and operate a HOODZ Business for a Standard Territory, we may offer you financing for a portion of the Initial Franchise Fee if you meet our qualifications. We do not offer financing for any portion of the Initial Franchise Fee for a Conversion Franchise or an Express Territory. The following table summarizes the financing we may offer you for Initial Franchise Fee for a Standard Territory.

Source of Financing	Us
Amount Financed	Up to 50% of the Initial Franchise Fee for the Standard, Express, or Related Franchise / Up to 75% for Conversion Franchise
Down Payment	Minimum of 50% for the Standard, Express, or Related Franchise / Up to 25% for Conversion Franchise
Term (number of years)	Up to three years
Rate of Interest plus Finance Charge	9% interest for up to 36 months
Monthly Payment	Varies depending on amount financed and term.
Prepayment Penalty	None
Security Required	Personal Guaranty
Guaranty	Personal Guaranty
Liability upon Default	Termination or other loss of Franchise; you must also pay entire amount due and our attorneys' fees and court costs in collecting debt
Loss of Legal Rights Upon Default	You must waive presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise)

If you would like to finance a portion of the Initial Franchise Fee, and you meet our credit standards, you may do so through a promissory note (the "Note"), which is currently attached as Exhibit A-2 to the Franchise Agreement. You must make a down payment of at least at least 50% of the Initial Franchise Fee for a Standard, Express, or Relation Franchise and at least 25% of the Initial Franchise Fee for a Conversion Franchise. We are currently offering an APR of 9%, but reserve the right to adjust the APR being offered up to 15% depending on your credit history. We will not adjust APR of the Note once your Franchise Agreement has been signed. The only security we require is a personal guaranty of the Note by you and by all the owners, as well as all respective spouses, of the company.

The term of the Note will be up to 36 months, as agreed between you and us. You may prepay the Note without penalty at any time during its term. If you fail to make any payment, we can, at our option, either (a) collect a late fee of 5% or \$50, per week, whichever sum is greater, or (b) call the Note and demand immediate payment of the full outstanding balance. We can also terminate your Franchise Agreement if you fail to make payments as agreed; however, before your Franchise Agreement can be terminated, you will receive a notice of default and have a ten-day period to cure the default. The Note shall survive termination of the Franchise Agreement.

### 10.2 Additional Information

We provide certain information and assist in facilitating SBA loans including 7(a) and 504 loans.

We also suggest third party sources for lending including, but not limited to FranFund, Benetrends and Directed Equity. As of the date of this Disclosure Document, all of these sources are willing to work with prospective HOODZ franchisees.

Other than described above, we will not guarantee any notes, leases or obligation. We and our affiliates have no past practice or future intent of selling, assigning or discounting franchisees' financing arrangements to a third party, although we reserve the right to do so in the future. We and our affiliates do not receive any direct or indirect payments or any other consideration from any person for the placement of financing with the lender; however, we reserve the right to do so in the future.

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

**Except as listed below, HOODZ is not required to provide you with any assistance.**

### 11.1 Our Pre-Opening Obligations

Before you open your HOODZ Business, we or our designee will:

1. Designate the Territory for a Franchise (Section 1.D and the Summary Page of the Franchise Agreement). We do not provide any assistance with (a) selecting a business or office site or negotiation of any lease or purchase of any site, (b) conforming the site to local ordinances and codes and obtaining any required permits, or (c) hiring and training employees (other than the required training discussed in Section 3.A of the Franchise Agreement). Your HOODZ Business site, which may be in your home, must be located within the Territory and must contain a minimum of 300 square feet and meet all applicable fire and safety codes for storage of materials and supplies used by the System. Your HOODZ Business site must be approved by us, in our sole discretion, which we will not unreasonably withhold provided that the site meets our minimum specifications (Section 1.D of the Franchise Agreement). Failure to find a site and commence operation of the HOODZ Business within four months of signing the Franchise Agreement may result in termination of the Franchise Agreement (Section 12.B of the Franchise Agreement).
2. Provide to you, upon your purchase, an Initial Package that currently includes branded apparel, print marketing materials, safety package, small tools and equipment packages, bid appointment setting allowance, and the Convention Allowance as listed in Exhibit B of the Franchise Agreement (Section 2.B and Exhibit B of the Franchise Agreement). The items in the Initial Package are provided by us and/or by designated suppliers named by us. We do not deliver or install any of these items.
3. Loan to you a copy of our HOODZ System Standards and other proprietary materials as we may publish and distribute to you periodically (Section 3.B of the Franchise Agreement).
4. Give prior approval for use of business forms, business stationery, business cards, advertising materials, permanent materials, and forms that you intend to use (Section 7.A of the Franchise Agreement). We will continue to do this after you open the HOODZ Business.
5. Approve in advance, at our sole discretion, any person which you desire to act as a representative for you in connection with local promotion of the HOODZ Business in a public media (Section 4.C of the Franchise Agreement).
6. Give prior approval, at our sole discretion, to all marketing, advertising, and promotional material prepared by you within ten days of our receipt of the proposed materials for

Franchises which differ from materials we provide (Section 2.G of the Franchise Agreement). We will continue to do this after you open the HOODZ Business.

7. Specify minimum policy limits for certain types of insurance coverage (Section 7.C of the Franchise Agreement). We will continue to do this after you open the HOODZ Business.
8. Provide the Jumpstart Initial Training and the Business Manager and Technical Operations Training Program to the Managing Owner and, if applicable, the Designated Manager (as both are defined in Item 15 of this Disclosure Document) (Section 3.A of the Franchise Agreement).

### 11.2 Franchisor's Obligations after the Opening of the HOODZ Business

Once you have opened your HOODZ Business, you will have access to information helpful to the operation of your HOODZ Business based on reports you submit to us and/or inspections that we make (Sections 7 and 8 of the Franchise Agreement). In addition, we or our designee will furnish guidance to you, to the extent we deem necessary in our sole discretion, with respect to:

1. New products, services and methods that we may have discovered or have developed for the System (Sections 3 and 7 of the Franchise Agreement);
2. The purchase and use of supplies and products (Section 3.B of the Franchise Agreement);
3. The formulation and implementation of marketing, advertising, and promotional programs using the merchandising, advertising, and research data and advice as we may, periodically, develop for use in your local market (Sections 3 and 7 of the Franchise Agreement);
4. The financial and daily operation of the HOODZ Business including its accounting and record keeping functions (Sections 3 and 7 of the Franchise Agreement);
5. Other business and marketing advice (Sections 3 and 7 of the Franchise Agreement);
6. Support for our HOODZ Software, as defined in the Licensing Agreement (Exhibit C of Franchise Agreement);
7. We will provide you with the business phone number to be used by the Business. This number will be forwarded to any device you choose. As part of your local marketing, this number must be dedicated to your HOODZ Business. (Section 3.B of the Franchise Agreement);
8. Periodic modifications to the HOODZ System Standards to reflect changes in the System Standards (Section 7.A of the Franchise Agreement); and
9. Periodic refresher training courses and conferences, at least one per year. (Section 3 of the Franchise Agreement).

### 11.3 Estimated Typical Length of Time to Open the HOODZ Business

The estimated typical length of time between the signing of the Franchise Agreement and payment of any consideration for the HOODZ Business, and the opening of the HOODZ Business, is between 90 and 120 days. Factors affecting this length of time usually include normal business startup considerations, completion of Jumpstart Training Program and the Business Manager and Technical Operations Training, the vehicle delivery date and whether or not you have an existing

office site in the Territory. However, you must commence operation of the HOODZ Business within four months of signing the Franchise Agreement or within two months of completing training.

#### 11.4 Local Marketing and Advertising

You agree to actively advertise and promote the Business within the Territory. We do not require you to expend a minimum amount each month on marketing, advertising, and promotional programs at the local level but recommend that you spend amounts in excess of 3% on local marketing and advertising. In addition, we reserve the right to require you to send quarterly mailings to a minimum of 1,600 locations within the Territory in accordance with our standards and specifications (previously defined as the “Local Marketing Requirement”). You must fulfill the Local Marketing Requirement within the Territory only, as we prescribe in the HOODZ System Standards or otherwise in writing. You acknowledge and agree that the Local Marketing Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising. You may spend any additional sums you wish on local advertising. However, you must use only such advertising and promotional materials as we have previously approved, as more fully described below.

Any other forms of advertising that would also advertise inside the Territory must be approved by HOODZ in writing according to the procedure described in the next paragraph. We may, with 30 days’ notice to you, require that you use and pay for an answering service that we authorize to answer incoming sales calls.

You must use our approved advertising and marketing materials or receive our written approval of any and all other advertising and marketing materials from us before their first use. In order to obtain approval of advertising and marketing materials, you must submit such proposed advertising material to us for review at least ten business days before the proposed first use. If we take no action within such ten business day period, the materials shall be deemed disapproved and you may not use such materials. The approval or disapproval is at our sole discretion. We also may, at our sole discretion, require you to immediately discontinue use of any advertising or marketing materials at any time, even if previously approved or provided by us. All advertising and marketing materials must meet our then current standards and specifications. We may, in our sole discretion, offer and sell advertising, marketing, and promotional materials at any time. Certain items, such as your truck, yard signs and hood stickers must reference the HOODZ national toll-free number. You may not alter or remove reference to the national toll-free number. You have no obligation to purchase any of these materials or forms from us, but if we implement local marketing programs, including, but not limited to an answering service and/or direct mail solicitations or other promotional services, you may be required to participate, at your expense (Section 2.G of the Franchise Agreement).

#### 11.5 Advertising Fund, Advertising Cooperative and Advertising Council

In addition, we reserve the right, but are not obligated to, establish a brand marketing fund (previously defined as the “Brand Marketing Fund”) for the common benefit of System franchisees. We have the right to require you to participate in and contribute up to 1% of your Gross Sales quarterly to the Brand Marketing Fund (previously defined as the “Brand Marketing Fee”) in the manner we prescribe and payable upon a timeframe and method we determine. We have the right to require that any advertising cooperative or franchisee advisory council be formed, changed, dissolved or merged.

We will use the Brand Marketing Fees, in our sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in our sole judgment, the services offered by System franchisees. We have the sole right to determine contributions and expenditures from the Brand Marketing Fund, or any other advertising program, and the sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend Brand Marketing Fees in the general best interests of the System on a national or regional basis. We may use the Brand Marketing Fund to satisfy any and all costs of maintaining, administering, directing, preparing, producing, and implementing advertising, including the cost of: (i) preparing, producing, and implementing television, radio, magazine and newspaper advertising campaigns; (ii) direct mail and outdoor billboard advertising; (iii) public relations activities and advertising agencies; (iv) developing and maintaining an Internet website; and (v) personnel and other departmental costs for advertising that we internally administer or prepare. Nevertheless, we acknowledge that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While we do not anticipate that any part of the Brand Marketing Fees will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Marketing Fund for public relations or recognition of the “HOODZ®” brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.”

We may periodically assist franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the Brand Marketing Fund. The cost of these programs may be charged directly to you if the results from a Survey fall below System established minimum standards for such Surveys.

We have the right to reimburse ourselves from the Brand Marketing Fees for such reasonable costs and overhead, if any, that we may incur in activities reasonably related to the direction and implementation of the Brand Marketing Fund.

We are not required to contribute to the Brand Marketing Fund. We may, but are not obligated to, advance money to the Brand Marketing Fund to fund Brand Marketing Fund programs. In the event that we advance monies to the Brand Marketing Fund, we will determine, in our sole discretion, the manner and timing for the repayment, to us, of some, or all, of the funds we advance.

We will prepare on an annual basis, within one hundred and twenty (120) days of the end of the fiscal year, and make available to you upon written request, a statement of contributions and expenditures for the Brand Marketing Fund. The Brand Marketing Fund does not have to be independently audited.

Other than the advertising requirements described above, there are no additional advertising fees required by us. It is at the discretion of HOODZ to determine how much to spend, and where to market, advertise and promote the HOODZ System.

### 11.6 Franchise Assessment

To assist us in working with you, we may request that you complete and return to us a franchise or market assessment profile during the Jumpstart Training Program and prior to your Business Manager and Technical Operations Training.

### 11.7 Service Technician

You must employ a full-time Service Technician to assist in performing the actual commercial exhaust hood and oven system cleaning services, and any other authorized services offered or sold by the HOODZ Business. It is your responsibility to train them to our specifications (Section 3.A of the Franchise Agreement).

### 11.8 Computer Software and Systems.

We have developed the HOODZ franchise software management system (the “HOODZ Software”), which consists of software program(s) which you must use to maintain customer records, bid on jobs, create estimates and operate the HOODZ Business. This HOODZ Software is included in your weekly Technology Fee, which is currently \$45 per week. We currently require you to utilize QuickBooks Online Accounting Software that maintains a HOODZ specified chart of accounts. You must provide Franchisor access to the QuickBooks Online Accounting Software. We may provide a full suite of hosted software through Google Suite (Docs, Sheets, Slides, etc.). In order to run the HOODZ Software, you will be responsible for maintaining a fiber-optic internet or other high-speed internet or cable modem high-speed Internet connection located at your office site. You are required to own and maintain a computer that meets our then-current HOODZ System Standards. You are not required to purchase a computer to operate the HOODZ Business if you already own a computer which meets our then-current specifications outlined in our HOODZ System Standards.

We have the right to access your computer system, the data in it, and the reports it generates at any time. We can do this electronically and/or at the HOODZ Business. There are no contractual limitations on our rights to access the information in your computer system.

As technology advances, you may be required to upgrade your hardware to meet changing software requirements as we deem necessary. The HOODZ Software is web-based and we do not charge you for software updates and upgrades. We will require you to upgrade your computer hardware, but no more than two times during the initial term, at a cost not to exceed \$3,000.

You promise to subscribe to, maintain, and utilize a fiber-optic, Cable, or Satellite high-speed Internet connection. You promise to maintain an email network account with independent suppliers, which periodically we approve. If you do not receive written approval within ten (10) business days of our written receipt of your request, such supplier will be considered disapproved. As technology advances and new discoveries are made, we have the right to require you use other technological items, as well as to designate the specific companies, models and/or types that you must use for these technological services. You will be given a branded email address ending in the domain of our choosing, currently @HOODZ.US.COM or @HOODZ.CA as its suffix for the use of all HOODZ business transactions and correspondence. (Section 2.I of the Franchise Agreement).

### 11.9 Telephone Listings

We may provide you, at no charge, the primary business phone number to be used by the Business. This number will be forwarded to your auto attendant or any device you choose. As part of your local marketing, this number must be dedicated to your HOODZ Business. You must maintain a 24-hour answering system on this business number, use an approved script for answering calls, and you must continually list the HOODZ Business on the Internet telephone directory site(s) of our choosing. You may elect to also list the HOODZ Business in the primary telephone directory

servicing the Territory or a trademark listing advertising your HOODZ Business in the primary directory servicing the Territory.

We currently offer a service through which selected phone calls to our toll-free phone number will be forwarded to you or us. While we offer this service, we will maintain it 24 hours per day, seven days per week, subject to acts of God or circumstances beyond our reasonable control, including power outages and the unavailability of telephone services. In the phone routing process, we use commercially reasonable efforts to route calls from prospective customers requesting service in the Territory to you. We do not guarantee that every phone call requesting service in the Territory will be routed to you. We reserve the right to modify or terminate this service at any time, in our sole discretion, including, without limitation, the right to require that all customer calls be directed through our toll-free line or any other telephone number we designate. Currently, the cost of this toll-free number and forwarding call is including in the Technology Fee.

11.10 HOODZ System Standards

The various elements of our HOODZ System are incorporated into the HOODZ System Standards, online training modules, technical bulletins, on-line postings, our HOODZ Owner’s Intranet website, directives, books, pamphlets, bulletins, memoranda, letters, e-mail, or other publications, documents, software programs, videos, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of us for use by the franchisees generally or for you in particular (collectively, the “HOODZ System Standards”). The HOODZ System Standards will contain mandatory and suggested specifications, standards, operating procedures, and rules (the “System Standards”) that we prescribe periodically for the operation of the HOODZ Business, and information on your other obligations under the Franchise Agreement and related agreements. The HOODZ System Standards may be added to, deleted or otherwise amended by us from time to time at our sole discretion. You shall comply with the HOODZ System Standards as an essential aspect of its obligations under the Franchise Agreement and failure to substantially comply with the HOODZ System Standards may be considered a breach of the Franchise Agreement.

Below is the current Table of Contents of our HOODZ System Standards, exclusive of materials provided during Initial or and advanced training, as of the date of this Disclosure Document. We reserve the right to modify this at any time:

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The HOODZ System Standards manual is a proprietary and confidential document of HOODZ International, LLC and may not be copied or distributed without the express written permission of HOODZ International LLC.

### 11.11 Jumpstart Training (Section 3.A of the Franchise Agreement)

Your Managing Owner and, if applicable, Designated Manager, must successfully complete our Jumpstart Training Program within two months of signing the Franchise Agreement, before attending Business Manager and Technical Operations and before the opening of the HOODZ Business. The Jumpstart Training Program is our preparation program that includes numerous pre-opening activities.

This Jumpstart Training Program is a self-guided process, with additional guidance from our training team, along with the HOODZ System Standards. You must prepare a comprehensive financial plan, review the HOODZ System Standards, complete a Territory review, coordinate your initial advertising program, acquire proper insurance, select and lease office space, and acquire all permits, licenses, and approved vehicles. All Jumpstart Training Program activities are to be completed before attending Business Manager and Technical Operations Training and before the opening of the HOODZ Business and are conducted in your hometown by you with assistance from our home office staff. You shall begin Jumpstart Training immediately upon your signing and returning to us of the Franchise Agreement and all initial fees. During the Jumpstart Training Program, we will schedule a Business Manager and Technical Operations Training for you to attend at a later time. Business Manager and Technical Operations Training sessions are typically offered each quarter.

We may waive your attendance at the Jumpstart Training Program if you already operate a HOODZ Business and purchase of an additional franchise from us.

### 11.12 Business Manager and Technical Operations Training for Managing Owner or Designated Manager

Before you begin operating the HOODZ Business and after you have completed the Jumpstart Training Program, we will furnish Business Manager and Technical Operations Training (the “Business Manager and Technical Operations Training”) to the Managing Owner and, if applicable, the Designated Manager, at no additional fee. The Managing Owner and, if applicable, the Designated Manager, must complete the Business Manager and Technical Operations Training to our satisfaction within four months of signing the Franchise Agreement, and failure to do so will

result in the termination of the Franchise Agreement. The Business Manager and Technical Operations Training may not commence until you have paid all fees due to us.

The Business Manager and Technical Operations Training will last up to twelve days in duration at our headquarters or another location designated by us. You will be responsible for all travel and living expenses that you and your employees/owners incur for this Business Manager and Technical Operations Training.

In the event that you own multiple HOODZ Businesses and have a Managing Owner already at another HOODZ Business who has already completed the Business Manager and Technical Operations Training, the Managing Owner will still be required to successfully complete the most recent online training modules essential to the role of ownership. There is no charge for this training.

You may designate, with our approval and on a “space available” basis, additional persons to attend other sessions of the Business Manager and Technical Operations Training for which you will be charged our then-current training fee. In addition, each person we approve to attend the Business Manager and Technical Operations Training will be required to sign our then current confidentiality agreement before the start of training. The fee for the additional person(s) to attend the Business Manager and Technical Operations Training fee will be due and payable before the start of the training program and you will be responsible for the payment of all travel and living expenses incurred by your designees while training.

In the event that the Designated Manager terminates his or her employment with you, you are required to designate a successor for our written approval, which shall be at our sole discretion, within ten days of such termination. Any successor Designated Manager must attend and successfully complete the next available Business Manager and Technical Operations Training. At all times during the term of the Franchise Agreement, you must have employed at the HOODZ Business a person who has completed the Business Manager and Technical Operations Training program.

Ryan Evers and Steven Brandou direct the Technical Operations Training and our Business Manager Training. Mr. Evers and Mr. Brandou’s experience with us and in the franchise, commercial cleaning and sales industries are listed below, along with our other primary instructors:

<b>Training Instructor</b>	<b>Year Instructor Began in Commercial Cleaning, Sales and/or Franchising Industries</b>	<b>Year Instructor Joined HOODZ or Affiliates</b>
Ryan Evers	2004	2019
Alicia Gifford	2002	2011
Nathan Willard	2004	2015
Steve Brandou	1996	2021
Jason Thomas	2013	2021

Other members of our staff may contribute to training as well.

Training modules cover:

- ◆ Marketing, public relations, and relationship and direct selling techniques to build the customer base;
- ◆ The HOODZ system for cleaning commercial exhaust hood and oven systems; and
- ◆ Administrative activities including use of the HOODZ Business Operating and Support System.

Listed below are the general modules and details of the Business Manager and Technical Operations Training. We reserve the right to modify the Business Manager and Technical Operations Training Program, including the training materials, training subjects, hours of training, and overall length of training at any time.

**TRAINING PROGRAM  
Business Manager**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Sales Classroom Training	8.25	2.75	Ann Arbor Training Center / Onsite in Field
Marketing Training	3.50	0	Ann Arbor Training Center
Business Operations Training	9.75	0	Ann Arbor Training Center
Software Training	9.25	0	Ann Arbor Training Center
<b>TOTAL HOURS*</b>	<b>30.75</b>	<b>2.75</b>	

\*Does not include meals, breaks, etc.

**TRAINING PROGRAM  
Technical Operations**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Technical Training – Safety, Equipment, Chemicals	9.5	2	Ann Arbor Training Center
Technical Training – Standards, Guidelines, Implementation	38	7	Ann Arbor Training Center / Onsite in Field
<b>TOTAL HOURS*</b>	<b>47.5</b>	<b>9</b>	

\*Does not include meals, breaks, etc.

### 11.13 Account Transition and Observation Training

Upon your successful completion of Business Manager and Technical Operations Training, there will be a transitional period of approximately 90 days (“Transitional Period”), in which you and or your Service Technician will have the opportunity to observe actual commercial exhaust hood and oven cleaning work for Customer Service Locations located in your Territory which have been previously serviced by an existing HOODZ franchisee or Company Store. Depending on the scope of work and the cleaning cycle of the customer, we reserve the right to require you to observe at least one exhaust cleaning per customer being transitioned to you. You will not receive compensation for observation training during the Transitional Period. We reserve the right to extend the 90 day Transitional Period in cases where a customer is not on a quarterly schedule and has a complex hood system which exceeds your experience level.

### 11.14 Additional Training

If this is a Renewal Term or if this is an additional HOODZ Business being awarded to you, and your Managing Owner or, if applicable, the Designated Manager, has already attended the Business Manager and Technical Operations Training, the requirement that you attend the Business Manager and Technical Operations Training may be waived, except as described above with respect to the online training modules and continuing training obligations. In such cases, if your Managing Owner or, if applicable, the Designated Manager, do attend Business Manager and Technical Operations Training, you will be assessed our then current training fee for additional training. You will also be responsible for all travel and living expenses that you and your employees incur while training.

The Managing Owner or, if applicable, the Designated Manager, must attend the Convention when scheduled. You will be assessed a \$1,000 fee for not attending. The Managing Owner or, if applicable, the Designated Manager and/or Service Technician also must attend periodic refresher training courses and conferences, not to exceed one convention/conference per year, at the times and locations we determine, and for which we may charge fees. This training may, at our option, be online. We will determine the duration, curriculum, and/or location of any online or other training. You will be responsible for all travel and living expenses that are incurred by you and your employees/owners while attending such session. Some of these events may occur outside of your home state. You must pay for all registration fees, travel and living expenses that you incur while attending such sessions. Provided you are in full compliance with the Franchise Agreement you do not have to attend any refresher training courses or conferences more than once a year.

### 11.15 Accounting and Financial Reporting

We currently require you utilize QuickBooks Online Accounting Software and maintain a HOODZ specified chart of accounts. You must provide Franchisor access to the QuickBooks Online Accounting Software. You shall maintain records in accordance with our standards and specifications. You shall furnish to us, in the manner and format that we require:

1. within 10 days of our request, un-audited income statement for the requested time period in a form satisfactory to us, and such additional reports as we may require;
2. within 90 days after the close of your fiscal year, a complete income statement and other financial statements in a form we may prescribe in our sole discretion;

3. within ten days of our request, exact copies of any state, federal, or other income tax returns covering the operation of the HOODZ Business;
4. any other reports we may require in the future.

We can require you to have audited financial statements prepared on an annual basis if you fail to comply with any provision of the Franchise Agreement.

You shall maintain all records, reports, and financial statements for a period of five years during and following the termination, transfer, or expiration of the Franchise Agreement.

#### 11.16 Quality Assurance and Verification

You must adhere to and follow the System Quality Assurance and Verification (“QAV”) procedures and protocol to be taught during Business Manager and Technical Operations Training. The QAV accreditation is required following every job to assure consistency and quality service throughout the System and to verify compliance to standards for customers (Section 7.A of the Franchise Agreement).

### **ITEM 12: TERRITORY**

#### 12.1 The Territory

Within the Territory, you have the right to advertise, market, solicit and service any customer for services, except as described in the Franchise Agreement. You may not advertise, market, solicit to or service in any way, any customers or Customer Service Locations outside the Territory, without our prior written consent.

Your HOODZ Business office site, which may be in your home, must be located within the Territory (“Office Site”), and we must approve such Office Site. The Office Site must contain a minimum of 300 square feet and meet all applicable fire and safety codes for storage of materials and supplies used by the System. You may not relocate your Office Site without our prior written consent, which we may grant or withhold in our sole discretion. If your home is located outside of the Territory, then you must obtain our prior consent to locate your Office Site within your home and, you agree that if a HOODZ franchisee purchases the Territory where your home is located, or if a Company Store is opened, you will relocate your Office Site from your home to another site within your Territory after receiving approval in writing from us. We reserve the right at any time, at our sole discretion, to allow another HOODZ franchisee(s) to locate their Office Site(s) within the Territory, provided they are operating their HOODZ Business out of their home. Our agreement with other HOODZ franchisee(s) will state that they may not market, advertise, solicit to or service customers or Customer Service Locations that are located within the Territory except as described below. We will not allow another HOODZ franchisee to lease their Office Site within the Territory.

The Territory that has been awarded to you is where we will not allow another HOODZ franchisee or Company Store to advertise in print or media, primarily directed to persons in your Territory. We may allow advertising in national or regional print or such other media not directed primarily at persons within the Territory, but which may reach or be received by persons in the Territory. You may advertise either as a single franchisee or, if the telephone directory encompassing your Territory includes another System franchisee’s territory, you may advertise as a pro rata participant in a common group advertisement.

If a customer in your Territory has multiple Customer Service Locations that are not located in your Territory, they may be serviced by you provided you receive our prior written consent and the Customer Service Locations (a) are not in the Territory of a Company Store, and (b) not in the Territory of another franchisee. At such time as the Territory of a Company Store becomes a HOODZ franchised territory, those Customer Service Locations not owned by you in the newly formed Territory are to be transitioned to the HOODZ franchisee of that Territory within the Transitional Period. During any Transitional Period(s) for new franchisee(s) you agree to allow the new HOODZ franchisee to accompany you and observe the cleaning for any accounts that will be transitioned to them for future cleans. The HOODZ franchisee will have the right to refer such business to another HOODZ franchisee or Company Store.

Customer Service Locations in a Territory derived from customers within another Territory or the efforts of a Company Store are to be serviced by the HOODZ franchisee or Company Store of that Territory, except as described in the Transitional Period. At your option, you may decide not to perform services for any one or more of the Customer Service Locations in your Territory. If you choose not to Service certain Customer Service Locations, you agree to allow us to select, in our sole discretion, another HOODZ franchisee or Company Store to perform the work with no further obligation to you in connection with such work, financial or otherwise.

If for any reason, you are not able to perform one or more services for any one or more of the Customer Service Locations in the Territory in accordance with our System's standards and specifications, you agree to allow us to select, in our sole discretion, another HOODZ franchisee or Company Store to perform the work with no further obligation(s) to you in connection with such work, financial or otherwise.

In the event that you do not comply with all of the requirements at a Customer Service Location, or provide a warranty in the form we prescribe, you will be given 30 days to cure any dispute regarding compliance. If at the end of 30 days, you are not able to comply with all of the requirements for a Customer Service Location, we reserve the right to refer such business to another HOODZ franchisee or Company Store to perform the work with no further obligation to you, financial or otherwise, and you agree to fully indemnify us for any non-compliant work you performed.

You are prohibited from advertising, marketing, soliciting, scheduling or servicing in any way, any customers or Customer Service Locations outside the Territory without our prior written consent. Advertising, soliciting, marketing or servicing customers outside of your Territory constitutes a default under the Franchise Agreement and you must pay us the Improper Marketing or Service Fee. This fee is in addition to, and not in lieu of, our other rights under the Franchise Agreement, including our right to terminate the Franchise Agreement according to Section 12 of the Franchise Agreement.

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.

## 12.2 Relocation

You may not relocate your HOODZ Business without our prior written consent, which we may grant in our sole discretion.

### 12.3 Additional Franchises and Expansions

Upon your request, we may, but are not obligated to, award you an additional HOODZ Business or additional Territory, but any decision to do so will be at our sole discretion and judgment. At a minimum, to be considered for either an additional HOODZ Business or Territory you must be in good standing for a minimum of one year, have sufficient experience, capital, and equipment to market and service both the original Territory and the additional Territory at the same time and have a vehicle or purchase a vehicle which will be dedicated to service the additional Territory.

### 12.4 Restrictions

Any project or enterprise undertaken jointly by two or more franchisees will be known as “Co-Venturing.” Co-Venturing with other franchisees must be managed through HOODZ and you may not negotiate directly with other HOODZ franchisees without our prior written approval. You may not on any occasion solicit any services or products from any other contractors including commercial exhaust hood and/or oven cleaners and restoration contractors without our prior written consent. You may not hire temporary staff for the purposes of completing a specific job without our prior written consent. You may not service a customer if doing so is beyond your current equipment capabilities or qualifications, or if it would otherwise disrupt the normal servicing of other existing customers.

It is agreed and understood no other business or business operations may be undertaken through your franchisee corporate entity, without our prior written consent. Owners, including the Managing Owner, may not own or operate any business, which conducts services identical or similar to us or our affiliates.

### 12.5 Our Rights within the Territory

We and our affiliates may sell products under the Marks within and outside your Territory through any method of distribution, although within the Territory it may not be through a dedicated HOODZ business advertising within your Territory. Other methods of distribution include, but are not limited to, selling products and services under the Marks through the Internet, catalog sales, telemarketing, or other direct marketing sales (collectively, the “Alternative Distribution Channels”). You may not use Alternative Distribution Channels to make sales outside or inside the Territory and you may not receive compensation for our sales through Alternative Distribution Channels except as described in the following paragraph.

If we engage in electronic commerce through the Internet, or sell through any other Alternative Distribution Channel, and we receive orders for any System products or HOODZ services calling for delivery or performance in your Territory, we will offer the order to you at the price we establish. If you choose not to fulfill the order, if you do not meet the requirements, or if you otherwise are unable to fulfill the order, then we or an affiliate may fulfill the order, and you will be entitled to no compensation.



We and our affiliates can use Alternative Distribution Channels to make sales within your Territory of products or services under trademarks or service marks different from the Marks you will use under the Franchise Agreement, but we and our affiliates have not yet made any such sales at this time.

We also retain, as we deem appropriate, the rights to:

1. establish or allow other HOODZ franchisees to establish, the physical location of their HOODZ Businesses at any location (a) outside of the Territory, or (b) inside the Territory if you provide your prior written consent and the other HOODZ Business is to be operated from an Office Site that is a franchisee's home located within your Territory. Under no circumstances will another franchisee or Company Store service Customers or advertise in the Territory, without your prior written consent, except as provided by the Franchise Agreement.
2. establish another HOODZ franchisee or Company Store in the Territory, if you do not achieve the required minimum Gross Sales for a period of three consecutive months after 12 months in operation (Section 2.F of the Franchise Agreement).
3. solicit, market to and build NORA (as defined below) account relationships, whose offices may be located in the Territory (Section 1.F of the Franchise Agreement).
4. offer and sell services and products anywhere that do not comprise a part of the HOODZ System and, in connection with this right, to exploit our Marks, name, reputation, and know-how.
5. acquire businesses providing services similar to those provided under the System and to be acquired by such a business.
6. contact your customers who are delinquent in their payment of 90 days or more, initiate collection procedures on your behalf, take Royalties on Gross Sales collected and apply collection fees established in the Franchise Agreement.
7. sell products under the Marks within and outside the Territory through any method of distribution, although within the Territory, it may not be through a dedicated HOODZ Business. This includes sales of products using the Marks through Alternative Distribution Channels. You may not use Alternative Distribution Channels to make sales outside or inside the Territory and you may not receive compensation for our sales of products using the Marks through Alternative Distribution Channels except as described in the following paragraph.
8. If we engage in electronic commerce through any Internet, World Wide Web, or other computer network site, or sell through any other Alternative Distribution Channel, and we receive orders for any System products or residential services calling for delivery or performance in the Territory, we will offer the order to you at the price we establish. If you choose not to fulfill the order, if you do not meet the requirements, or otherwise, are unable to fulfill the order, then we, or a Company Store or HOODZ franchisee may fulfill the order, and you will be entitled to no compensation in connection with this order.
9. make sales within the Territory of products or services under Marks different from the Marks you will use under the Franchise Agreement.

10. use and license to engage in any other activities not expressly prohibited in the Franchise Agreement.

**12.6 Minimum Gross Sales Requirement**

Following the first full year of operation, HOODZ Businesses with a Standard Territory must maintain the following minimum levels of monthly Gross Sales:

<b>Months in Operation</b>	<b>Minimum Monthly Gross Sales Required in Standard Territory</b>	<b>Minimum Monthly Royalty Required in Standard Territory</b>	<b>Fixed Weekly Royalty Payment</b>
0 to 12 Months	No Minimum	No Minimum	\$0
13 to 24 Months	\$9,200	\$920	\$212.31
25 to 36 Months	\$13,800	\$1,380	\$318.46
37 to 48 Months	\$18,000	\$1,800	\$415.38
Greater than 48	\$23,000	\$2,300	\$530.77

Following the first full year of operation, HOODZ Businesses with an Express Territory must maintain the following minimum levels of monthly Gross Sales:

<b>Months in Operation</b>	<b>Minimum Monthly Gross Sales Required in Express Territory</b>	<b>Minimum Monthly Royalty Required in Express Territory</b>	<b>Fixed Weekly Royalty Payment</b>
0 to 12 Months	No Minimum	No Minimum	\$0
13 to 24 Months	\$4,600	\$460	\$106.15
25 to 36 Months	\$6,900	\$690	\$159.23
37 to 48 Months	\$9,000	\$900	\$207.69
Greater than 48	\$11,500	\$1,150	\$265.38

If you do not achieve the required minimum Gross Sales after 12 months in operation we may collect a Royalty equal to what you would have been assessed had you achieved the minimum Gross Sales. In that instance, in addition to the Royalties you actually paid, we will collect the Royalties on the difference between the Gross Sales reported for the month and the Minimum Gross Sales on the Friday following the prior month’s end.

If the HOODZ Business fails to achieve the required Gross Sales requirement during any consecutive three-month period you must pay us a fixed weekly royalty payment equal to what you would have been assessed had you achieved the Minimum Monthly Gross Sales Requirement (“Fixed Weekly Royalty Payment”). You shall pay us the Royalty based on 10% of the Minimum Monthly Gross Sales Requirement based on Months in Operation. The Royalty due will be divided equally into weekly payments based on the current Minimum Monthly Gross Sales Requirement. The Fixed Weekly Royalty Payment will continue until the HOODZ Business achieves the required Gross Sales for the applicable Months in Operation for three consecutive months.

Each January, we will conduct an accounting of total Royalties paid from the Gross Sales of each HOODZ Business during the prior. In the event of a deficiency in your payment of the Royalty, or any other amounts required to be paid under the Franchise Agreement, you shall immediately, upon notice, pay the deficiency to us. Your completion of such payment shall not be considered a waiver of any default by you or of any of our available remedies for such default afforded to us under this Agreement. In the event that any accounting discloses that your payments have exceeded the amounts due pursuant to the Franchise Agreement during that period, we will apply the overpayment as a credit on your Royalty account within forty-five (45) days of completion of the accounting, to offset amounts due in the following period.

Additionally, if the HOODZ Business fails to achieve the required Gross Sales requirement during any consecutive three-month period, we reserve the right to terminate the Franchise Agreement, establish another franchisee or Company Store in the Territory or allow another franchisee to solicit and service customers in your Territory. In that case, any franchise or Company Store that we designate may provide Services in the Territory. You agree that any franchise or Company Store we designate may provide Services in the Territory. Neither the franchise or Company Store nor we are liable or obligated to pay you any compensation for doing so, and neither the franchise nor we will be considered in breach of any provision of this Agreement or any other agreement between you and us regardless if minimum sales are achieved in the future.

If this is a Renewal Term, you will be required to meet the minimum Gross Sales requirement for the greater than 48-month level for each month of the renewal term, starting in the first month of the renewal term, for the entire length of the renewal term.

If you have been awarded more than one Territory, you will be required to meet the Minimum Gross Sales for each Territory. In other words, the dollar values for the Minimum Gross Sales would increase for each additional Territory you are awarded. For a second Territory the numbers would double, for a third, they would triple, etc. Your Royalty rates for each Territory may be averaged and aggregated together to form one Royalty rate and threshold scale (if applicable) for all of your Franchise Agreements.

If you purchase an Express Territory and subsequently purchase additional Territory so the aggregate number of RFSCs in that Territory exceeds 1,599, then your Territory will be subject to the minimum Gross Sales Requirements for a Standard Territory.

Once a Royalty or Minimum Royalty is paid, it is neither refundable nor applied to any future or past fees owed.

The Minimum Gross Requirement is not intended to be a financial performance representation. Financial performance representation can be found in Item 19.

### 12.7 National and Regional Account (“NORA”) Programs

We may provide NORA programs for a group of customers, a partnership or group of partners, that operate under a common ownership or control, under the same trademarks or service marks through independent franchises, or some other association, located at multiple Customer Service Locations, Chain Customers (as defined below) and other similar organizations for the benefit of the HOODZ System. Some of the NORA Customer Service Locations may be in your Territory. Our pursuit of these programs may involve solicitations, marketing and other related

activities by us within the Territory. You may not solicit, service or otherwise pursue any NORA relationships, whether the contacts for these relationships are in your Territory or not, without our prior written consent. You may not service, solicit or otherwise pursue a relationship with a NORA or potential NORA or any of its members, without notice to us and our prior written consent. A “Chain Customer” is a non-residential customer, a group of customers, a partnership or group of partners, that operate under a common ownership or control, under the same trademarks or service marks through independent franchises, or some other association, located at multiple Customer Service Locations. A Chain Customer may also be a national account or a regional account.

If a NORA is established in the Territory, you will receive exclusive referrals by us for any service requests we receive to be performed within the Territory, provided that you are in full compliance with this Franchise Agreement, you service these accounts consistent with the terms and conditions of our NORA relationship(s), and to the satisfaction of these accounts. Any such accounts that are in the Territory of a HOODZ franchisee or Company Store or outside of the Territory will be assigned by us as determined by us in our sole discretion.

If a NORA job is referred to you, you agree to abide by the HOODZ System, methods and procedures, as outlined in the HOODZ System Standards, which includes, but are not limited to the following:

1. If you are conducting a NORA Service, and the customer has additional requirements, you agree to follow those requirements, which are to be provided to you in writing. You may be required to sign a contract with the customer amending the base NORA national contract for that Service Location. All work is subject to the terms, conditions and pricing established by HOODZ for that national contract or the national strategic partner as a prerequisite for participation in these programs. These terms may vary, as determined by us in our sole discretion, depending on the situations and circumstances.
2. In the event that you do not comply with all of the requirements in a NORA contract, or if we are directed by a NORA customer at any time for any reason to not have you perform a NORA job in the Territory, then we reserve the right to refer such NORA business to another HOODZ franchisee, Company Store or third party, and you agree to fully indemnify us for any non-compliant work you perform on a NORA project. If a NORA customer expresses a concern about you, we will reasonably cooperate with you to resolve the NORA’s concerns. However, after we exercise what we believe to be reasonable efforts to rectify the problem, if the NORA continues to refuse to do business with you, or you decline to do business with them, then you agree that any HOODZ franchisee, Company Store or third party we designate may provide services for that NORA in the Territory. In any event, none of the HOODZ franchisee, Company Store, third party, or us are liable or obligated to pay you any compensation for doing so, and none of the HOODZ franchisee, Company Store, third party or us we will be considered in breach of any provision of the Franchise Agreement or any other agreement between you and us.
3. For purposes of coordinating efforts and results of NORA programs, you must provide us with copies of all reports, forms and notices, in a form prescribed by us in our sole discretion, relating to your pursuit and servicing of a NORA contract, on a timely basis, using the forms we may specify from time to time. You also agree to coordinate with us any solicitations you conduct that may have potential for development as a NORA.


4. We may have a NORA contract, which requires centralized invoicing. The HOODZ corporate office may be required to invoice this customer for multiple services performed at multiple location, by multiple HOODZ franchisees and collect payment(s). We may also be required to submit invoices at specific intervals. Payment to individual HOODZ franchisees will be forwarded from us to you upon receipt of payment in full from the NORA. All revenue received is subject to the Royalty according to this Franchise Agreement.

HOODZ or our designee reserves the right to offer a job to you for less than what we are being paid for the job by the customer.

### ITEM 13: TRADEMARKS

We own the trademarks, service marks, trade names, logotypes, and numerical symbols listed below for promotion, use, license, and sale by us throughout the United States, its territorial possessions, and the District of Columbia. The Franchise Agreement grants to you the license to operate the System under the HOODZ name and under any other trade names, trade dress, indicia, trademarks, service marks, and logos currently used or that may be used in the operation of the System.

The following trademarks, service marks, trade names, logotypes, or other commercial symbols are registered with the United States Patent and Trademark Office (“USPTO”), and all required affidavits have been filed unless otherwise noted.

Registration	Registration #	Registration Date	Register
HOODZ (IC 037)	4,849,454	11/10/2015	Principal
HOODZ (IC 035, 037)	3,675,459	9/1/2009	Principal
 HOODZ® (IC 035, 037)	3,746,784	2/9/2010	Principal
FROM ROOF-TOP TO COOK-TOP (IC 037)	4,353,477	6/18/2013	Principal

No state trademark registrations have been filed.

There are currently no effective determinations of the USPTO, the trademark administrator of this state, or any court, nor are there any pending interference, opposition, or cancellation proceedings, nor any pending material litigation involving the Marks which may be relevant to their use.

There is currently no pending material federal or state court litigation regarding our use or ownership rights in the Marks.

There are no agreements currently in effect that significantly limit our rights within the United States to use, or license others to use, the Marks listed above in any manner material to the HOODZ Business.

You must follow our rules when you use the Marks. Your right to use the Marks is derived only from the Franchise Agreement and is limited to your operation of the HOODZ Business in accordance and in compliance with the Franchise Agreement and all System Standards we prescribe from time to time during its term. You promise to use only the Marks that we designate in writing, and will use them only in the manner that we authorize. You may not use any Mark (including the name HOODZ) as part of your corporate or legal business name or with modifying words, terms, designs, or symbols (except for those we license to you). You may not use any Mark in selling any unauthorized services or products or in any other way we have not expressly authorized in writing.

You agree that your use of the Marks, and any goodwill established by this use, will be exclusively for our benefit and that the Franchise Agreement does not confer any goodwill or other interest in the Marks upon you (other than the right to operate a HOODZ Business under the Franchise Agreement). Upon expiration or termination of the Franchise Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System and the Marks.

You promise to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, in any infringement, challenge, or claim. We have sole discretion to take the action we deem appropriate and the right to control exclusively any litigation, USPTO proceeding, or any other administrative proceeding arising out of any infringement, challenge, claim or otherwise relating to any Mark.

Provided that you have timely notified us of the claim or proceeding and complied with the Franchise Agreement as we determine in our sole discretion, we shall indemnify and hold you harmless against reasonable litigation expenses incurred in connection with any such infringement, challenge or claim. If we, in our sole discretion, determine that you have not used the Marks in accordance with the Franchise Agreement, you will bear the cost of such defense, including the cost of any judgment or settlement. You promise to sign any and all instruments and documents, render the assistance, and do the acts and things that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding, or otherwise to protect and maintain our interest in the Marks, including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out-of-pocket costs in performing such acts.

If it becomes advisable at any time, in our sole discretion, for us to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you will comply with our directions. You must pay for any expenses related to the changing of trademarked items. We will not reimburse you for any loss of revenue due to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

We do not know of either superior prior rights or infringing uses that could materially affect your use of our principal Mark in any state.

We are the lawful and sole owner of the domain name [www.HOODZINTERNATIONAL.com](http://www.HOODZINTERNATIONAL.com). You cannot register any of the Marks that are now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue using any website containing the Marks. You may access our website. Except as we authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the Internet; or (iii) create or register any Internet domain names in connection with your HOODZ Business. The only exception is that you may list the HOODZ Business in the local online directory.

## **ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

### *14.1 Patents and Copyrights*

You do not receive the right to use any item covered by a patent. There are no pending patent applications that are material to the HOODZ Business. We do not own any registered copyrights which are material to the franchise; however, we claim copyrights in the HOODZ System Standards, advertising materials, HOODZ Software, business forms, videos, CDs and other printed and advertising material used in operating the System. We have not registered these copyrights with the United States Registrar of Copyrights. You must use these items only in the way we specify and only while operating your HOODZ Business.

The HOODZ System Standards is described in Item 11. You can use the proprietary information contained in the HOODZ System Standards in connection with the operation of your HOODZ Business. Although we have not filed an application for a copyright registration for the HOODZ System Standards, we claim a copyright, and the information is proprietary. Item 11 describes limitations on the use of the HOODZ System Standards by you and your employees. You must promptly tell us if you learn about unauthorized use of our proprietary information. We are not obligated to take any action, but will respond to this information as we think appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect that significantly limit our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses that could materially affect your use of the copyrighted materials in any state. We need not protect or defend copyrights, although we may do so when this action is, in our opinion, in the best interest of the HOODZ System.

The HOODZ System Standards, and other materials we possess, contain our confidential information and/or trade secrets. This information may include (a) general operating procedures for a HOODZ Business; (b) the proprietary HOODZ Software; (c) personnel guidelines for hiring, training, retaining, promoting, and supporting the marketing and sales staff; (d) the Jumpstart Training Program and Business Manager and Technical Operations Training; (e) written marketing and advertising materials, audiotapes, videos, and programs for their utilization; (f) knowledge of specifications and suppliers of certain equipment and supplies for the HOODZ Business; (g) information on operating results and financial performance of HOODZ Businesses other than your own; (h) the HOODZ System Standards and the HOODZ owners Internet site and its contents; (i) sales guidelines and strategies for developing business relationships in the insurance industry; (j)

Customer Information, as defined below; and (k) any other information we deem confidential. You acknowledge and agree that we own any and all customer lists and their contents that we provide to you and/or that you subsequently develop during the normal course of operating the HOODZ Business. You promise to keep an up-to-date list of all current and former customers in the HOODZ Software, including their name, telephone number, complete mailing address, frequency of service, last date serviced, and price of service (collectively, the “Customer Information”).

#### 14.2 Proprietary Information

All ideas, concepts, techniques or materials relating to a HOODZ Business, whether or not constituting protectable intellectual property, and whether created by or on behalf of you, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

You may not use our confidential information and/or trade secrets in an unauthorized manner and you must take reasonable steps to prevent unauthorized use or disclosure to others. You also agree that you, as well as certain members of your management and your employees must also execute confidentiality and non-competition agreements.

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

You must at all times faithfully, honestly, and diligently perform your obligations under the Franchise Agreement. Except as stated below, you must designate one managing owner (the “Managing Owner”), who is either an individual franchisee or a person with an ownership interest in a corporation or Limited Liability Company franchisee, who will have day-to-day responsibility and authority to run the HOODZ Business, and who will be our primary individual contact with the HOODZ Business, and who we approve in our sole discretion. A Managing Owner may, in our sole discretion, serve as the Managing Owner of more than one HOODZ Businesses that are owned by you; provided, however, that we may, in our sole discretion, require you to designate a person who will serve as the primary individual contact for this HOODZ Business (the “Designated Manager”). We must approve the Designated Manager in writing in our sole consent. The Managing Owner and, if applicable, the Designated Manager must successfully complete the Jumpstart Training Program and Business Manager and Technical Operations Training. The Designated Manager is not required to have an ownership interest in the HOODZ Business.

At the start of their employment, you must require, as consideration for employment, each of your Service Technicians, sales and/or account management employees to sign non-disclosure and confidentiality agreements. Such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding the System or the operation of the HOODZ Business, which is deemed confidential and/or proprietary by us. Such employee non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the customers of your Business, except in their capacities as employees of the HOODZ Business. We may require you to send us a copy of such agreements once fully signed.



The Managing Owner or, if applicable, the Designated Manager, must continuously exert her/his full-time best efforts to manage, promote and enhance the HOODZ Business, and such other HOODZ Businesses as we permit in our sole discretion and diligently pursue timely collection of receivables. Without our prior written consent, the Managing Owner or, if applicable, the Designated Manager, must not engage in any other business or activity that conflicts with your obligations to operate the HOODZ Business on a full-time, year round basis.

If the franchisee is an entity, the principal owners of the entity, and their respective spouses, must sign the Personal Guaranty attached to the Franchise Agreement as Exhibit F.

You must also, before commencing operation of the HOODZ Business employ at least one (1) Service Technician, who you are responsible for training.

No other business or business operations may be undertaken through your corporate franchisee entity or any of its owners (including the Managing Owner) without our prior written consent.

**ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and provide all of the services that we periodically require for HOODZ Businesses in the manner we prescribe. You may not market or perform any services that we have not authorized, without our express prior written approval. Our System Standards may regulate required or authorized services and service categories and supplies. There are no limits on our right to periodically change required and/or authorized services and service categories, and we may do so at our discretion. You may not service residential customers without our express written consent.

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

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

**THE FRANCHISE RELATIONSHIP**

	<b>Provision</b>	<b>Section in Franchise agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 1.C	10 years.
b.	Renewal or extension of the term	Section 11.A	Two additional, consecutive terms of 10 years each.
c.	Requirements for franchisee to renew or extend	Section 11	In order to renew (which means renewing your franchise relationship with us), you must: (i) be in compliance with your Franchise Agreement; (ii) not have made certain repeated defaults of your Franchise Agreement; (iii) provide us with

	<b>Provision</b>	<b>Section in Franchise agreement</b>	<b>Summary</b>
			notice of your intent to renew within the required time; (iv) sign our then-current franchise agreement, which may contain materially different terms; (v) upgrade and remodel the HOODZ Business, as necessary; (vi) sign a general release (such requirement to sign a general release is subject to change in our sole discretion); and (vii) pay us a renewal fee.
d.	Termination by franchisee	Not Applicable	Not Applicable
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with cause	Section 12	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g.	“Cause” defined – curable defaults	Section 12.C	We may terminate the Franchise Agreement after providing you with notice and a 15-day cure period if you: (i) fail to pay any amounts due to us, or you do not record funds paid to you for jobs completed as required or you default on any loan made to you by us or our preferred lender for the purchase of the Territory; (ii) fail to employ for 2 consecutive months a Service Technician or a Designated Manager; (iii) fail to comply with any applicable law, regulation or ordinance; (iv) fail to comply with modifications to the System Standards, intranet website, or Manuals; (v) fail to make payments on the vehicle resulting in repossession; (vi) use products or materials that do not meet our System Standards; (vii) fail to provide any required report, statement, or return; (viii) fail to service all customers in a manner consistent with our System Standards; (ix) service a customer in another Territory without permission; (x) fail to endorse any payments due to us that is erroneously made to you; (xi) fail to maintain the hours of operation at the HOODZ Business; (xii) fail to personally supervise day-to-day operation or fail to employ a sufficient personnel; (xiii) fail to maintain the strict quality controls; (xiv) conduct yourself in a manner that reflects adversely on the System, the Marks, or the products; or (xv) fail to procure or maintain any required licenses, certifications, or permits.
h.	“Cause” defined – non-curable defaults	Section 12.A and Section 12.B	The Franchise Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any bankruptcy or insolvency law, and are not dismissed within 60 days, or a trustee or receiver is appointed for you or the HOODZ Business

	<b>Provision</b>	<b>Section in Franchise agreement</b>	<b>Summary</b>
			<p>without your consent, and is not vacated within 60 days; or (iii) you make or attempt to make an unauthorized transfer.</p> <p>We may terminate the Franchise Agreement, immediately, and without an opportunity to cure, effective upon notice, if: (i) your Managing Owner/Designated Manager, fail to attend or successfully complete the required training or the pre-training requirements; (ii) you fail to commence operation of the HOODZ Business within the required time period; (iii) you have made a material misrepresentation; (iv) you receive 3 or more notices to cure a similar defaults, within any 2-year period; (v) you are convicted, or plead no contest to, a felony; (vi) you understate your Royalty by 3% or more on 3 or more occasions, during any 2-year period; (vii) you engage in any dishonest or unethical conduct; (viii) you violate any provision regarding confidentiality or non-disclosure; (ix) you abandon; (x) you fail to acquire or maintain the required insurance; (xi) you fail to attend the Convention as required; (xii) your Managing Owner/Designated Manager fails to attend required refresher training; (xiii) you fail to train your Service Technician; (xiv) any other franchise agreement you have with us is terminated; (xv) you commit 3 or more defaults-in any 12 month period; (xvi) you materially breach any other agreement with us or our affiliates, or any lease, and fail to cure such breach within any cure period; (xvii) you materially violate any provision pertaining to Marks or Confidential Information; (xviii) you violate any safety or sanitation law, ordinance or regulation; (xix) you violate the in-term restrictive covenant; (xx) a levy or writ of attachment or execution or any other lien is placed against you and not released or bonded within 30 days; (xxi) you become insolvent; (xxii) you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier; (xxiii) you misuse or make unauthorized use of any HOODZ /Required Software; (xxiv) you fail to comply with the anti-terrorism provision; (xxv) you take for your own personal use any assets or property of the HOODZ Business; or (xxvi) if there are insufficient funds in your bank account to cover a check or EFT payment 3 or more times within any 12-month period or you fail to achieve minimum sales for 3 consecutive months.</p>
i.	Franchisee's obligations on termination/non-renewal	Section 13	Upon termination or early expiration of the Franchise Agreement, your obligations include: (i) pay all amounts owed to us; (ii) de-identify and otherwise stop using the Marks in any manner, including in business names and telephone listings; (iii) return all Confidential Information and customer lists to us; (iv)

	<b>Provision</b>	<b>Section in Franchise agreement</b>	<b>Summary</b>
			comply with post-term non-competition covenants; and (v) deliver proof of compliance.
j.	Assignment of contract by franchisor	Section 10.A	No restriction on our right to assign.
k.	“Transfer” by franchisee – definition	Section 10.B	Means any voluntary, involuntary, direct, or indirect, in whole or in part, assignment, sale, gift, encumbrances, lease, merger, bequest, change in control, or other disposition of (i) this Agreement, (ii) HOODZ Business, (iii) any part of your ownership in assets of the HOODZ business, (iv) or any part of your equity/ownership interest in the Franchisee entity.
l.	Franchisor’s approval of transfer by franchisee	Section 10.B	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions.
m.	Conditions for franchisor approval of transfer	Section 10.B	Conditions to transfer: (i) you are in full compliance with the Franchise Agreement or any other related agreement and you have paid all accrued monetary obligations; (ii) the transferee meets our then current standards; (iii) the transferee is not operating a competitive business, unless all competitive services as part of the HOODZ Business; (iv) you permit us to release to the transferee information about the HOODZ Business; (v) transferee signs the then-current form of franchise agreement; (vi) if an installment sale, Franchisee continues to guarantee performance and payment to Franchisor; (vii) any of transferee’s financing obligations are subordinate to payments to us; (viii) you pay us a transfer fee, all Royalties and other fees owed, and all commissions and broker fees, if applicable; (ix) transferee completes training; (x) transferee assumes and agrees to be bound by all outstanding obligations to customers of the HOODZ Business; (xi) you and the transferee sign a release (such requirement to sign a general release is subject to change in our sole discretion); (xii) we have approved the material terms of the purchase agreement; (xiii) transferee signs a guaranty; (xiv) you have attended training and the HOODZ Business is open; (xv) you comply with all post-term obligations; (xvi) transferee obtains all required permits and licenses; (xvii) lessors have consented to transfer, if applicable; and (xviii) transfer is made in compliance with all laws; (xix) transferee complies with all system standards.
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Section 10.C	Before transferring your interest in the Franchise Agreement, you must first offer us the right to purchase the interest on the same terms and conditions contained in any bona fide offer less the transfer fee and we have 30 days to decide.

	<b>Provision</b>	<b>Section in Franchise agreement</b>	<b>Summary</b>
o.	Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable.
p.	Death or disability of franchisee	Section 10.D	You must transfer within 6 months of your death or disability. If you are an individual, your heirs may continue to operate your HOODZ Business. You may transfer to a spouse, child, or parent if they qualify as a transferee and satisfy transfer obligations, without a transfer fee.
q.	Non-competition covenants during the term of the franchise	Section 6	During the Term, you, your Managing Owner, your Designated Manager, and Service Technician shall not: (i) engage in any capacity in any other in any business offering commercial cleaning, maintenance and repair including but not limited to commercial kitchen equipment cleaning which includes exhaust hood and/or oven cleaning business and/or the services provided by our affiliates (except for other franchises or authorizations we enter into with you); or (ii) use our Confidential Information, System, intranet website, Manuals, Marks, customer lists, Customer Information, or any colorable imitations, in connection with any business other than the HOODZ Business.; (iii) attempt to or divert any business or customer of the HOODZ Business to any competitor, or do any other act injurious or prejudicial to the goodwill of the Marks or the System.
r.	Non-competition covenants after the franchise is terminated or expires	Sections 13.D	For 18 months from expiration or termination of the Franchise Agreement, you, your owners and, your Designated Manager, shall not (a) engage in any capacity in any commercial cleaning, maintenance and repair including but not limited to commercial kitchen equipment cleaning which includes commercial exhaust hood and/or oven cleaning business, (b) attempt to or divert any business or customer of the HOODZ Business, or (c) do any other act injurious to the goodwill of the Marks or the System or engage in any business relationship with any of your customers or former customers, within: (i) the Territory; (ii) the Territories of any HOODZ franchisees, HOODZ Company Store, or any other HOODZ business operator; or (iii) a radius of 50 miles from the Territory.
s.	Modification of Agreement	Section 15.J	Modification of the Franchise Agreement must be in writing and agreed upon by both parties.
t.	Integration/merger clause	Section 15.L	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.

	<b>Provision</b>	<b>Section in Franchise agreement</b>	<b>Summary</b>
u.	Dispute resolution by arbitration or mediation	Sections 15.F.1 and 15.F.2	You must bring any disputes arising out of the Franchise Agreement or any other agreement with us to our President prior to bringing a claim before any third party in an attempt to resolve the dispute internally. After exhaustion of this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Ann Arbor, Michigan, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to state law).
v.	Choice of forum	Section 15.F.4	All claims not subject to mediation must be commenced in the state or federal court of general jurisdiction, in Washtenaw County, Michigan or the United States District Court for the Eastern District of Michigan (subject to state law).
w.	Choice of law	Section 15.H	Except for federal law, Michigan law applies (subject to state law).

## **ITEM 18: PUBLIC FIGURES**

We do not use any public figures to promote our franchise. You have no right to use the name of any public figure for promotional efforts, advertising, or endorsements, except with our prior written consent. No public figure has any investment in the franchise.

## **ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS**

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

### **Background**

This Item sets forth certain historical data submitted by our HOODZ franchisees and Company Stores in the 2021, 2022, and 2023 fiscal years.

For 2023, information is included from 64 of our HOODZ franchisees and our 2 Company Stores. Of the 66, 29 franchisees operated in more than one Territory, and operated a total of 97

Territories. Thirty-seven (37) operated in one Territory (collectively, the “2023 Representative HOODZ Operators”)

For 2022, information is included from 68 of our HOODZ franchisees and our 2 Company Stores. Of the 70, 27 franchisees operated in more than one Territory, and operated a total of 91 Territories. Thirty-nine (39) operated in one Territory (collectively, the “2022 Representative HOODZ Operators”).

For 2021, information is included from 71 of our HOODZ franchisees and our 2 Company Stores. Of the 73, 27 operated in more than one Territory, operating a total of 83 Territories. Forty-four (44) operated in one Territory (collectively, the "2021 Representative HOODZ Operators”).

Excluded from the above subsets are HOODZ Businesses that were not open for the entire calendar year for which data is reported below. The 2023, 2022, and 2021 Representative HOODZ Operators included in this Item operate businesses substantially similar to the HOODZ Business being offered in this disclosure document.

### **Average Annual Gross Sales 2023**

The table below sets forth the Average Annual Gross Sales of the 2023 Representative HOODZ Operators during the 2023 fiscal year. We have broken this data down into Multi-Territory Operators and Single-Territory Operators; and under each category, broken them down by the top 25% highest-performing operators (“Top 25% Operators”), the top 50%-highest performing operators (“Top 50% Operators”), the top 75% highest-performing operators (“Top 75% Operators”); the bottom 25% performing operators (“Bottom 25% Operators”), the bottom 50% performing operators (“Bottom 50% Operators”), and the bottom 75% performing operators (“Bottom 75% Operators”).

#### **Multi-Territory Operators**

Quartile	Multi-Territory Operators in Group	Average Annual Gross Sales <sup>8</sup>	Highest Annual Gross Sales within Quartile	Lowest Annual Gross Sales within Quartile	Those that Exceeded the Average	Median Annual Gross Sales <sup>9</sup>
Top 25% <sup>2</sup>	7	\$3,141,156	\$6,916,939	\$1,679,680	2 (29%)	\$2,346,120
Top 50% <sup>3</sup>	14	\$2,276,356	\$6,916,939	\$1,183,168	4 (29%)	\$1,662,609
Top 75% <sup>4</sup>	21	\$1,833,068	\$6,916,939	\$769,137	6 (29%)	\$1,377,247
Bottom 25% <sup>5</sup>	6	\$496,755	\$627,654	\$427,811	2 (33%)	\$485,290
Bottom 50% <sup>6</sup>	13	\$738,921	\$1,094,210	\$427,811	7 (54%)	\$769,137
Bottom 75% <sup>7</sup>	20	\$974,344	\$1,645,537	\$427,811	10 (50%)	\$984,940
All <sup>1</sup>	27	\$1,536,110	\$6,916,939	\$427,811	8 (30%)	\$1,183,168

### Single-Territory Operators

Quartile	Single-Territory Operators in Group	Average Annual Gross Sales <sup>8</sup>	Highest Annual Gross Sales within Quartile	Lowest Annual Gross Sales within Quartile	Those that Exceeded the Average	Median Annual Gross Sales <sup>9</sup>
Top 25% <sup>2</sup>	9	\$1,205,089	\$1,982,135	\$818,397	3 (33%)	\$993,308
Top 50% <sup>3</sup>	19	\$862,590	\$1,982,135	\$439,603	8 (42%)	\$692,769
Top 75% <sup>4</sup>	28	\$696,355	\$1,982,135	\$280,508	9 (32%)	\$537,435
Bottom 25% <sup>5</sup>	9	\$207,318	\$257,693	\$96,253	5 (56%)	\$215,613
Bottom 50% <sup>6</sup>	18	\$276,366	\$426,831	\$96,253	9 (50%)	\$269,100
Bottom 75% <sup>7</sup>	28	\$375,643	\$692,769	\$96,253	13 (46%)	\$336,954
All <sup>1</sup>	37	\$577,400	\$1,982,135	\$96,253	13 (35%)	\$439,603

### Company Stores

Category	Operators	Average Annual Gross Sales <sup>8</sup>	Highest Annual Gross Sales within Quartile	Lowest Annual Gross Sales within Quartile	Those that Exceeded the Average	Median Annual Gross Sales <sup>9</sup>
Company Stores <sup>1</sup>	2	\$1,674,498	\$2,116,045	\$1,232,952	1	\$1,674,498

### Average Annual Gross Sales 2022

The table below sets forth the Average Annual Gross Sales of the 2022 Representative Operators during the 2022 fiscal year. We have broken this data down into Multi-Territory Operators and Single-Territory Operators; and under each category, broken them down by the top 25% highest-performing operators (“Top 25% Operators”), the top 50%-highest performing operators (“Top 50% Operators”), the top 75% highest-performing operators (“Top 75% Operators”); the bottom 25% performing operators (“Bottom 25% Operators”), the bottom 50% performing operators (“Bottom 50% Operators”), and the bottom 75% performing operators (“Bottom 75% Operators”).

### Multi-Territory Operators

Quartile	Multi-Territory Operators in Group	Average Annual Gross Sales <sup>8</sup>	Highest Annual Gross Sales within Quartile	Lowest Annual Gross Sales within Quartile	Those that Exceeded the Average	Median Annual Gross Sales <sup>9</sup>
Top 25% <sup>2</sup>	7	\$2,561,402	\$5,241,048	\$1,579,194	2 (29%)	\$2,030,927
Top 50% <sup>3</sup>	14	\$1,874,271	\$5,241,048	\$1,013,841	4 (29%)	\$1,460,042
Top 75% <sup>4</sup>	21	\$1,529,516	\$5,241,048	\$614,397	7 (33%)	\$1,237,763
Bottom 25% <sup>5</sup>	6	\$465,387	\$516,920	\$368,267	4 (67%)	\$480,997
Bottom 50% <sup>6</sup>	13	\$667,104	\$926,929	\$368,267	6 (46%)	\$614,397
Bottom 75% <sup>7</sup>	20	\$849,117	\$1,340,889	\$368,267	11 (55%)	\$906,626



All <sup>1</sup>	27	\$1,293,043	\$5,241,048	\$368,267	9 (33%)	\$1,013,841
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### Single-Territory Operators

Quartile	Single-Territory Operators in Group	Average Annual Gross Sales <sup>8</sup>	Highest Annual Gross Sales within Quartile	Lowest Annual Gross Sales within Quartile	Those that Exceeded the Average	Median Annual Gross Sales <sup>9</sup>
Top 25% <sup>2</sup>	10	\$1,022,660	\$1,574,641	\$647,229	4 (40%)	\$1,001,412
Top 50% <sup>3</sup>	20	\$753,699	\$1,574,641	\$422,178	8 (40%)	\$643,720
Top 75% <sup>4</sup>	29	\$621,670	\$1,574,641	\$244,580	11 (38%)	\$474,401
Bottom 25% <sup>5</sup>	10	\$174,285	\$242,003	\$52,812	6 (60%)	\$193,445
Bottom 50% <sup>6</sup>	19	\$247,227	\$403,538	\$52,812	8 (42%)	\$242,003
Bottom 75% <sup>7</sup>	29	\$329,127	\$640,141	\$52,812	15 (52%)	\$355,026
All <sup>1</sup>	39	\$506,956	\$1,574,641	\$52,812	14 (36%)	\$422,178

### Company Stores

Category	Operators	Average Annual Gross Sales <sup>8</sup>	Highest Annual Gross Sales within Quartile	Lowest Annual Gross Sales within Quartile	Those that Exceeded the Average	Median Annual Gross Sales <sup>9</sup>
Company Stores <sup>1</sup>	2	\$1,472,218	\$1,903,989	\$1,040,447	1	\$1,472,218

### Average Annual Gross Sales 2021

The table below sets forth the Average Annual Gross Sales of the 2021 Representative HOODZ Operators during the 2021 fiscal year end. We have broken this data down into Multi-Territory Operators and Single-Territory Operators; and under each category, broken them down by the top 25% highest-performing operators (“Top 25% Operators”), the top 50%-highest performing operators (“Top 50% Operators”), the top 75% highest-performing operators (“Top 75% Operators”); the bottom 25% performing operators (“Bottom 25% Operators”), the bottom 50% performing operators (“Bottom 50% Operators”), and the bottom 75% performing operators (“Bottom 75% Operators”).

### Multi-Territory Operators

Quartile	Multi-Territory Operators in Group	Average Annual Gross Sales <sup>8</sup>	Highest Annual Gross Sales within Quartile	Lowest Annual Gross Sales within Quartile	Those that Exceeded the Average	Median Annual Gross Sales <sup>9</sup>
Top 25% <sup>2</sup>	7	\$1,947,071	\$3,373,304	\$1,268,928	2 (29%)	\$1,753,827
Top 50% <sup>3</sup>	14	\$1,454,600	\$3,373,304	\$793,269	4 (29%)	\$1,190,579
Top 75% <sup>4</sup>	21	\$1,201,401	\$3,373,304	\$557,280	7 (33%)	\$907,434

Bottom 25% <sup>5</sup>	6	\$415,737	\$542,330	\$325,253	3 (50%)	\$397,907
Bottom 50% <sup>6</sup>	13	\$566,110	\$786,035	\$325,253	6 (46%)	\$557,280
Bottom 75% <sup>7</sup>	20	\$704,717	\$1,112,230	\$325,253	10 (50%)	\$739,005
All <sup>1</sup>	27	\$1,026,809	\$3,373,304	\$325,253	10 (37%)	\$793,269

### Single-Territory Operators

Quartile	Single-Territory Operators in Group	Average Annual Gross Sales <sup>8</sup>	Highest Annual Gross Sales within Quartile	Lowest Annual Gross Sales within Quartile	Those that Exceeded the Average	Median Annual Gross Sales <sup>9</sup>
Top 25% <sup>2</sup>	11	\$826,633	\$1,537,522	\$489,710	5 (45%)	\$694,999
Top 50% <sup>3</sup>	22	\$604,116	\$1,537,522	\$310,310	8 (36%)	\$474,626
Top 75% <sup>4</sup>	33	\$482,914	\$1,537,522	\$199,546	11 (33%)	\$363,380
Bottom 25% <sup>5</sup>	11	\$121,764	\$195,670	\$57,675	5 (45%)	\$114,845
Bottom 50% <sup>6</sup>	22	\$181,137	\$310,175	\$57,675	12 (55%)	\$197,608
Bottom 75% <sup>7</sup>	33	\$247,958	\$459,541	\$57,675	15 (45%)	\$229,028
All <sup>1</sup>	44	\$392,626	\$1,537,522	\$57,675	15 (34%)	\$310,242

### Company Stores

Category	Operators	Average Annual Gross Sales <sup>8</sup>	Highest Annual Gross Sales within Quartile	Lowest Annual Gross Sales within Quartile	Those that Exceeded the Average	Median Annual Gross Sales <sup>9</sup>
Company Stores <sup>1</sup>	2	\$1,342,043	\$1,695,448	\$988,639	1	\$1,342,043

#### Notes:

1. “Annual Gross Sales” is defined as all revenue received from operating the HOODZ Business including any sales tax receipts or similar tax receipts that, by law, are chargeable to customers, if these taxes are separately stated when the customer is charged, and any documented refunds pursuant to HOODZ’s policies and procedures. For multi-territory operators, the Annual Gross Sales figures set forth in this Table represent the total Annual Gross Sales of that HOODZ operator across its multiple Territories.
  - a. 2023: The multi-territory operators own the following number of territories: (i) 9 own 2 Territories each; (ii) 12 own 3 Territories; (iii) 2 own 4 Territories; (iv) 3 own 5 Territories; (v) 1 owns 6 Territories; and (vi) 2 own 7 Territories. Each Company Store operates in the equivalent of 3 Territories.

- b. 2022: The multi-territory operators own the following number of territories: (i) 9 own 2 Territories each; (ii) 12 own 3 Territories; (iii) 2 own 4 Territories; (iv) 3 own 5 Territories; (v) 1 owns 6 Territories; and (vi) 2 own 7 Territories. Each Company Store operates in the equivalent of 3 Territories.
  - c. 2021: The multi-territory operators own the following number of territories: (i) 17 own 2 Territories each; (ii) 7 own 3 Territories; (iii) 2 own 4 Territories; (iv) 1 owns 5 Territories; (v) 1 owns 6 Territories. Each Company Store operates in the equivalent of 3 Territories.
2. We calculated the Top 25% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Top 25% Operators and dividing it by the number of Top 25% Operators. We calculated the Top 25% Median Annual Gross Sales figure by finding the data point that is the center of all data points used.
  3. We calculated the Top 50% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Top 50% Operators and dividing it by the number of Top 50% Operators. We calculated the Top 50% Median Annual Gross Sales figure by finding the data point that is the center of all data points used.
  4. We calculated the Top 75% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Top 75% Operators and dividing it by the number of Top 75% Operators. We calculated the Top 75% Median Annual Gross Sales figure by finding the data point that is the center of all data points used.
  5. We calculated the Bottom 25% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Bottom 25% Operators and dividing it by the number of Bottom 25% Operators. We calculated the Bottom 25% Median Annual Gross Sales figure by finding the data point that is the center of all data points used.
  6. We calculated the Bottom 50% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Bottom 50% Operators and dividing it by the number of Bottom 50% Operators. We calculated the Bottom 50% Median Annual Gross Sales figure by finding the data point that is the center of all data points used.
  7. We calculated the Bottom 75% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Bottom 75% Operators and dividing it by the number of Bottom 75% Operators. We calculated the Bottom 75% Median Annual Gross Sales figure by finding the data point that is the center of all data points used.
  8. We calculated the Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Representative HOODZ Operators and dividing it by the number of Representative HOODZ Operators.

- We calculated the Median Annual Gross Sales figure by finding the data point that is the center of all data points used.

### **Average Ticket Price**

The table below sets forth the Average Ticket Price in dollars during the Measurement Periods as reported by the 2023, 2022, and 2021 Representative HOODZ Operators.

#### **Multi-Territory Operators**

<b>Measurement Period</b>	<b>Average Ticket Price</b>	<b>Median Ticket Price</b>
2023	\$812.28	\$600.00
2022	\$756.05	\$565.00
2021	\$722.88	\$520.00

#### **Single-Territory Operators**

<b>Measurement Period</b>	<b>Average Ticket Price</b>	<b>Median Ticket Price</b>
2023	\$783.96	\$620.00
2022	\$711.97	\$575.00
2021	\$663.91	\$505.00

#### **Company Stores**

<b>Measurement Period</b>	<b>Average Ticket Price</b>	<b>Median Ticket Price</b>
2023	\$687.82	\$525.00
2022	\$663.91	\$505.00
2021	\$649.90	\$495.00

**Notes:**

- “Ticket Price” is defined as the average customer invoice in dollars during the 2023, 2022, and 2021 fiscal years for our core services, which include inspecting, cleaning, repairing, maintaining or modifying kitchen cooking exhaust systems, together with optional supplemental activities including, but not limited to, power washing exterior of facilities, cooking equipment cleaning, grease trap maintenance.
- We calculated the Average Ticket Price figure for multi-territory HOODZ operators and single-territory HOODZ operators by totaling the Ticket Price of each invoice of the Representative HOODZ Operators and dividing it by the number of invoices in that period.

3. We calculated the Median Ticket Price figure by sorting the invoices from highest to lowest Ticket Price and finding the data point that is the center of all data points used. If there were an even number of invoices, then the Median Ticket Price was the average of the two figures in the middle.

**General Assumptions:**

1. This analysis does not contain complete information concerning the operating costs and expenses that you will incur in operating your HOODZ Businesses.
2. The above figures exclude royalties, advertising and marketing fees and costs, administrative payroll, payroll taxes, owner compensation/salary, healthcare, employee benefits, uniforms, office supplies, postage, travel and entertainment expenses, utilities and telephone charges, late fees, training fees, central telephone number fees, product sample update costs, and other fees and expenses which you may incur as a franchisee.
3. The above figures exclude tax liabilities for which you will be responsible.
4. The above figures exclude professional fees or other administrative expenses that you may incur, including legal and accounting fees.
5. Interest expense, interest income, depreciation, amortization and other income or expenses will vary substantially from business to business, depending on the amount and kind of financing you obtain to establish your HOODZ Businesses. You should consult with your tax advisor regarding depreciation and amortization schedules and the period over which assets of your Franchise may be amortized or depreciated, as well as the effect, if any, of any recent or proposed tax legislation.

**Some HOODZ businesses have earned this much. Your individual results may differ. There is no assurance that you'll earn as much.**

We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a HOODZ Business.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Legal and Franchise Administration at 731 Fairfield Court, Ann Arbor,

MI 48108, (844) 792-4491, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
System-wide Outlet Summary  
For years 2021, 2022, 2023**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2021	128	128	0
	2022	128	128	0
	2023	128	129	+1
Company- or Affiliate-Owned	2021	6	6	0
	2022	6	6	0
	2023	6	6	0
Total Outlets	2021	134	134	-0
	2022	134	134	0
	2023	134	135	+1

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners  
For years 2021, 2022, 2023**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Connecticut	2021	1
	2022	0
	2023	0
Florida	2021	0
	2022	1
	2023	1
Georgia	2021	0
	2022	1
	2023	1
Ohio	2021	0
	2022	2
	2023	0
Indiana	2021	3
	2022	0
	2023	0

Iowa	2021	0
	2022	0
	2023	1
Kentucky	2021	0
	2022	1
	2023	0
Missouri	2021	0
	2022	1
	2023	0
North Carolina	2021	2
	2022	0
	2023	2
New York	2021	1
	2022	0
	2023	0
Pennsylvania	2021	0
	2022	0
	2023	0
South Carolina	2021	1
	2022	0
	2023	0
Tennessee	2021	0
	2022	0
	2023	1
Texas	2021	2
	2022	0
	2023	0
Virginia	2021	1
	2022	0
	2023	0
<b>Total</b>	2021	11
	2022	6
	2023	6

**Table No. 3**  
**Status of Franchised Outlets**  
**For years 2021, 2022, 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Arkansas	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
Arizona	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
California	2021	12	1	0	1	0	0	12
	2022	12	0	0	0	0	0	12
	2023	12	0	0	0	0	0	12
Colorado	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Connecticut	2021	4	0	0	0	0	1	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Delaware	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	14	0	0	0	0	0	14
	2022	14	0	0	0	0	0	14
	2023	14	0	0	0	0	0	14
Georgia	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Iowa	2021	2	0	0	0	0	0	2
	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
Illinois	2021	7	0	0	0	0	0	7



State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2022	7	1	1	0	0	0	7
	2023	7	0	0	0	0	0	7
Indiana	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2021	1	0	0	0	0	0	1
Kansas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kentucky	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2021	1	0	0	0	0	0	1
Louisiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maine	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2021	1	0	1	0	0	0	0
Maryland	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Missouri	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2021	1	0	0	0	0	0	1
Mississippi	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2021	2	0	0	0	0	0	2
New Jersey	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
New York	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2021	0	0	0	0	0	0	0
Nevada								

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
North Carolina	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Ohio	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Oregon	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Pennsylvania	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Rhode Island	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
South Carolina	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Tennessee	2021	4	0	0	1	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Texas	2021	12	1	0	0	0	0	13
	2022	13	1	1	0	0	0	13
	2023	13	0	0	0	0	0	13
Virginia	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	1	0	0	0	0	6
Washington	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Wisconsin	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alberta, Canada*	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ontario, Canada*	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
<b>TOTALS</b>	2021	128	3	1	2	0	1	127
	2022	127	4	3	1	0	0	128
	2023	128	1	0	0	0	0	129

\*These franchisees operate in Canada under a franchisor that is an affiliate of ours with businesses that are run using the same System as the franchisees in the United States.

**Table No. 4**  
**Status of Company- or Affiliate-Owned Outlets**  
**For years 2021, 2022, 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Michigan	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
Oklahoma	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
<b>TOTALS</b>	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6
	2023	6	0	0	0	0	6

**Table No. 5**  
**Projected Openings as of December 31, 2023**

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 *Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
Colorado	0	1	0
Kansas	0	1	0
Louisiana	0	1	0
Mississippi	0	1	0
New Hampshire	0	1	0
New Mexico	0	1	0
Pennsylvania	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
<b>TOTALS</b>	0	10	0

Exhibit F to this Disclosure Document includes the names, addresses and telephone numbers of all franchise owners as of December 31, 2023. Exhibit G to this Disclosure Document includes the name, city and state, and the current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement between January 1, 2023 and December 31, 2023 or who has not communicated with us within ten weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, in some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with HOODZ. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Exhibit H-1 lists, to the extent known, the names, addresses, telephone numbers, email addresses and web addresses of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed. Exhibit H-2 lists the independent franchisee organizations that have asked to be included in this Disclosure Document.

## **ITEM 21: FINANCIAL STATEMENTS**

Exhibit B contains the financial statements of our affiliate, BFG Holdco, which guarantees our obligations to you, for the fiscal year ended December 31, 2023. Our audited financial statements for the fiscal years ended December 31, 2022, and December 31, 2021 also appear in Exhibit B. Our fiscal year end is December 31.

## **ITEM 22: CONTRACTS**

The following contracts are exhibits within this Disclosure Document:

Exhibit A: Forms of Agreements

A-1 – Franchise Agreement and Addenda

A-2 – Promissory Note

A-3 – Confidentiality / Non-Disclosure Agreement

A-4 – General Releases(s) – Upon Renewal or Assignment

Exhibit E: State Addenda to the Disclosure Document

Exhibit I: Disclosure Questionnaire

## **ITEM 23: RECEIPTS**

The final pages of this Disclosure Document (Exhibit K of the Disclosure Document) are detachable receipt pages acknowledging your receipt of the Disclosure Document. If these pages, or any other pages or exhibits are missing from your copy, please notify us immediately. You should sign both copies of the receipt. You should retain one signed copy for your records and return the other signed copy to: Legal and Franchise Administration at 731 Fairfield Court, Ann Arbor, MI 48108 or by email at [legal@belfrangroup.com](mailto:legal@belfrangroup.com).

**EXHIBIT A**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**FORM OF AGREEMENTS**

**EXHIBIT A-1**  
**HOODZ FRANCHISE AGREEMENT**



**HOODZ FRANCHISE AGREEMENT**  
**(the “Franchise Agreement”)**

**SUMMARY PAGE**

The following terms are used throughout this Franchise Agreement, its Exhibits and Addenda, and are defined as follows:

1. HOODZ International, LLC, a Delaware Limited Liability Company, with its principal place of business at 731 Fairfield Court, Ann Arbor, Michigan 48108 (referred to in this Agreement as “we,” “us,” “ourselves,” “Franchisor,” or “Licensor”).
2. \_\_\_\_\_ (together referred to as the “Owners”), residents of the State of \_\_\_\_\_, and \_\_\_\_\_, a \_\_\_\_\_ company to be formed or already existing whose principal address is \_\_\_\_\_ (referred to in this Agreement as “you,” “your,” “Franchisee,” or “Licensee”).
3. This Franchise Agreement is made effective on the last date signed by an authorized representative of Franchisor (the “Effective Date”).
4. The “Initial Franchise Fee” referred to in Section 2.A. of the Franchise Agreement is \$59,900.
5. The “Initial Package Fee” referred to in Section 2.B. of the Franchise Agreement is \$23,300, plus sales tax.
6. The “Territory” referred to in Section 1.D of the Franchise Agreement will be defined by the following zip codes, as located on the attached map:

This is to confirm your acknowledgement and understanding that zip codes and/or their boundaries change periodically, and in the event of a future change you may continue to market to an existing customer, who is now outside the Territory as a result of a zip code change. Provided, it will be your responsibility to clearly demonstrate that the customer was located in the Territory, when they first became a customer. \_\_\_\_\_ [INITIAL]

In the event a new zip code is created entirely within your existing geographic Territory, it will become a part of the Territory, and you may market in it. If a new zip code is created along the boundary of the Territory, if at least one-third of the new zip code area is within the Territory, as

indicated on the attached map, then you can market to the new zip code, with the understanding an adjoining HOODZ owner, who also has one-third of the new zip code in their previous Territory, may also be able to market in this new zip code. \_\_\_\_\_ [INITIAL]



# HOODZ FRANCHISE AGREEMENT

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### **Exhibits:**

- Exhibit A – Designated Personnel
- Exhibit B – Initial Package
- Exhibit C – Franchise Management Software License Agreement
- Exhibit D – Telephone and Other Listing Agreement
- Exhibit E – Electronic Funds (EFT) Authorization
- Exhibit F – Guaranty and Assumption of Franchisee’s Obligations
- Exhibit G – State Addenda to the Franchise Agreement (if applicable)
- Exhibit H – Conversion Addendum (if applicable)
- Exhibit I – Collateral Assignment and Assumption of Lease

## Franchise Agreement

THIS FRANCHISE AGREEMENT is made and entered into on the Effective Date by and between the Franchisor and Franchisee.

### **1. INTRODUCTION, DEFINITIONS, ACKNOWLEDGMENTS, AND AWARD OF FRANCHISE.**

#### **A. INTRODUCTION.**

We use, promote and license certain trade and service marks and other commercial symbols in the operation, cleaning, inspection, maintenance, repairs, and restoration of commercial exhaust hood systems, conveyor ovens, kitchen equipment, facility premises, grease containment, grease filters, grease tanks, and air filter-businesses in the United States, including the trade and service mark(s) "HOODZ" (collectively, the "Marks"). These marks have gained and continue to gain public acceptance and goodwill, and we may continue to create, use, and franchise additional trademarks, service marks, and commercial symbols in operating HOODZ businesses.

We award to persons, who meet our qualifications, and who are willing to undertake the investment and effort, a franchise to own and operate a HOODZ Business (the "Business" "HOODZ Business," or "Franchised Business") offering the services and products we authorize and approve while utilizing our business formats, methods, procedures, signs, standards, specifications, and Marks (the "System").

Following your evaluation of the System, you have expressed to us your desire to obtain the right to develop, own, and operate a Franchised Business.

This Agreement governs the ongoing relationship between you and us.

#### **B. DEFINITIONS AND ACRONYMS.**

The following terms which are used in this Section and throughout this Agreement are defined as follows:

*Alternative Distribution Channels:* Channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing sales as it pertains to the sale of trademarked product.

*Certified Exhaust Cleaning Specialist ("CECS"):* A certification issued by IKECA or its successor, indicating a level of training and proficiency for cleaning kitchen exhaust systems.

*Certified Exhaust System Inspector ("CESI"):* A certification issued by IKECA or its successor indicating a level of training and proficiency for inspecting kitchen exhaust systems.

*Chain Customer:* A non-residential customer, a group of customers, a partnership or group of partners that operate under a common ownership or control, under the same trademarks or service marks through independent franchises, or some other association, located at multiple Customer Service Locations. A Chain Customer may also be a national account or a regional account.

*Company Store:* A HOODZ office that is owned by HOODZ International, LLC or its affiliate.

*County:* A governmental unit or geographic subdivision of a state government. Certain states may refer to a county by another name such as, but not limited to, parish.

*Customer:* Any person or company who purchases goods or Services from you. A Customer includes those who make the purchase on their own behalf as well as those who purchase on the behalf of a third party.

*Customer Service Location:* The physical location or address where your Services are performed for a Customer and whose facility or building contains at least one (1) kitchen hood and/or exhaust system.

*HOODZ Affiliates:* A collective reference for HOODZ International, LLC affiliate(s), HOODZ franchisee(s), Company Store(s) and/or HOODZ.

*HOODZ Corporate Territory:* All geographic territories that have not been awarded to a HOODZ Franchisee.

*Institutional Customer:* A Customer designation for schools, colleges or universities, hospitals and other health care facilities of all types, manufacturing facilities, distribution facilities, governmental facilities, correctional facilities, food markets, caterers and banquet halls, churches and similar Customers that prepare and serve food, other than a Retail Food Service Customer.

*International Fire Code (“IFC”):* Regulations governing the safeguarding of life and property from all types of fire and explosion hazards.

*International Kitchen Exhaust Cleaners Association (“IKECA”):* IKECA is a national organization representing contractors and individuals providing kitchen exhaust inspection and cleaning services. IKECA also offers certification and training programs.

*International Mechanical Code (“IMC”):* The IMC establishes minimum regulations for mechanical systems using prescriptive and performance-related provisions.

*Kitchen Exhaust Systems:* A kitchen cooking exhaust system includes grease containment hoods, filters, exhaust ductwork and exterior exhaust fans and/or their housings. Fire suppression or fire extinguishing systems are not considered part of the Kitchen Exhaust System for the purposes of a HOODZ franchise or HOODZ Business.

*National Fire Protection Association (“NFPA”):* NFPA and any successors. NFPA was established in 1896, the mission of NFPA is to reduce the burdens of fire and other hazards on the quality of life by providing and advocating consensus codes and standards, research, training and education. NFPA 96 (2008): “Standard for Ventilation Control and Fire Protection of Commercial Cooking Operations” is the primary guidance and regulatory document for the kitchen exhaust cleaning industry.

*National Account:* A National Account is a Customer or prospective Customer that may create Services for franchisees through the National Account’s network of Customer Service Locations nationally, and requires centralized oversight to assure consistency in all HOODZ franchisees’ common interest, or any Customer or prospective Customer that seeks a single management solution to national service issues.

*National and/or Regional Account (“NORA”):* The following terms apply to further define and clarify NORA programs:

- Account Development: Various methods including onsite evaluations, conducting estimates, answering posted bids, or proposing a specific scope of work for a potential project or conducting actual work shall be collectively known as “Account

Development”. Account Development may be conducted by any of the HOODZ Affiliates for the benefit of the HOODZ franchise network of owners.

- Corporate NORA Projects: HOODZ may service a NORA or a National Strategic Partner in HOODZ Corporate Territory through a Company Store or by assigning work to a qualified HOODZ Affiliate.
- National Contract: A NORA Customer serviced by HOODZ Affiliates under a defined scope of Services and pricing schedule of a formal agreement.
- National Strategic Partner: An entity that has the ability to supply potential projects in significant volume and scope nationally or internationally. BELFOR is a National Strategic Partner.

*Referral Sources*: May include insurers and insurance adjusters, contractors, fire equipment or services provider, fire or building code enforcement officials or other persons or company(s) who referred the goods or Services offered by you to a third party.

*Regional Account*: A Regional Account is a Customer or prospective Customer that may create Services for two (2) or more franchisees, and requires centralized oversight to assure consistency in all franchisees’ common interest, or any Customer or prospective Customer that seeks a single management solution to regional service issues. A Regional Account may have Customer Service Locations in multiple territories, but does not provide service coverage nationally.

*Retail Food Service Customer*: A Customer designation for independent Customers or Chain Customers, Regional or National Accounts whose primary business is preparing foods for onsite or take out consumption and/or whose facility or building contains at least one (1) kitchen hood and/or exhaust system and/or oven.

*Services*: Permitted services include the core NFPA, IMC and IFC regulated, certified and/or standardized activities of inspecting, cleaning, repairing, maintaining or modifying commercial kitchen cooking exhaust systems, commercial exhaust hood systems, ovens, together with optional supplemental activities including, but not limited to, power washing exterior of facilities and property, preventative maintenance, filter cleaning and/or filter exchange, cooking equipment cleaning, grease trap services, and any other types of services authorized by us with respect to the HOODZ Business. The maintenance, repair, flushing or recharging of fire suppression or extinguishing systems is not a permitted service of HOODZ Businesses, without our express written consent and only after providing evidence of acceptable training, certification, compliance with National Fire Protection Association codes or other regulations, insurance coverage and indemnification of us.

*Territory*: The specific area where the HOODZ Business is to be operated, which consists of a set of zip codes. Your Territory will be the specific zip-codes for the Territory within which you may offer Services to Customer Service Locations described in the Summary Page of the Franchise Agreement and in which you may advertise.

*Transitional Period*: The timeframe after the successful completion of training in which existing Customer Service Locations previously being serviced in your Territory by another HOODZ franchisee or HOODZ Affiliate be transitioned over to you. On average, the Transitional Period shall be approximately 90 days, during which time, you and/or your technician will accompany the franchisee who previously serviced the customer on the next scheduled exhaust hood and/or oven cleaning for observational training.

### **C. AWARD OF FRANCHISE.**

You have applied for a franchise to own and operate a HOODZ Business. Subject to all of the terms and conditions of this Agreement, we hereby award you a franchise (the “Franchise”) to operate a HOODZ Business utilizing the System and the Marks in the specific zip-codes for the Territory within which you may offer Services to Customer Service Locations. This Territory is described in the Summary Page and in Section 1.D below. We will not allow another HOODZ franchisee or Company Store to provide Services, except as outlined in Section 1.D, or advertise in print or other media (including broadcast or other electronic media, including internet, cable and satellite) that are directed primarily at persons within the Territory, provided, however, that we may allow advertising in national or regional print or such other media not directed primarily at persons within the Territory, but which may reach or be received by persons in the Territory. The Franchise Agreement grants you the right to operate the Franchised Business only within the Territory defined in the Franchise Agreement.

The term of the franchise will be ten (10) years (the “Initial Term”) commencing on the date of this Agreement.

You must at all times faithfully, honestly, and diligently perform your obligations under the Franchise Agreement. Except as stated below, you must designate one (1) managing owner (the “Managing Owner”), who is either an individual franchisee or a person with an ownership interest in a corporation or Limited Liability Company franchisee, and signed with this Agreement, who will have day-to-day responsibility and authority to run the Franchised Business, and who will be our primary individual contact with the HOODZ Business, and who we approve in our sole discretion. A Managing Owner may, in our sole discretion, serve as the Managing Owner of more than one (1) HOODZ Business that are owned by you; provided, however, that we may, in our sole discretion, require you to designate a person who will serve as the primary individual contact for this HOODZ Business (the “Designated General Manager”). We must approve the Designated General Manager in writing in our sole consent. The Managing Owner and, if applicable, the Designated General Manager must successfully complete the Jumpstart Training Program and Business Manager and Technical Operations Training. The Designated General Manager is not required to have an ownership interest in the HOODZ Business. The Designated General Manager must sign our prescribed form of confidentiality and non-competition agreement. The Managing Owner or, if applicable, the Designated General Manager, must continuously exert her/his full-time best efforts to manage, promote and enhance the Franchised Business, and such other Franchised Businesses as we permit in our sole discretion and diligently pursue timely collection of receivables. Without our prior written consent, the Managing Owner or, if applicable, the Designated General Manager, must not engage in any other business or activity that conflicts with your obligations to operate the Franchised Business on a full-time, year round basis. If the franchisee is an entity, the principal owners of the entity, and their respective spouses, must sign the Personal Guaranty attached to the Franchise Agreement as Exhibit F.

Before attending the Business Manager and Technical Operations Training (as defined in Section 3.A of this Agreement), and/or upon any change to the legal entity ownership, you must submit to us a Corporate Resolution, or similar action, which states the name of the corporation or limited liability company, the legal names of all of the partners or shareholders, the percentage of ownership that each person controls, their place of residence and their agreement to be bound by the terms of this Agreement. We charge a fee of \$500 (the “Transfer of Corporation Fee”) to process

all changes to the legal entity subsequent to the submission of an initial corporate resolution prior to the commencement of the HOODZ Business, for which there is no fee. In the case of multiple Owners, you must submit a dispute resolution procedure acceptable to us in our sole discretion that states what you will do in the event that there is a conflict between any Owners of the franchisee entity. In addition, at all times, at least the Owners who have executed this Agreement must control 67% of the franchisee entity. The remaining Owners must sign a personal guaranty, written agreement to maintain confidentiality of the trade secrets and their agreement to abide by the covenant not to compete, as described in Sections 6 and 13 of this Agreement.

#### **D. TERRITORY.**

Within the Territory, you have the right to advertise, market, solicit and service any Customer for Services, except as described in this Agreement. You may not advertise, market, solicit or service in any way, any Customers or Customer Service Locations outside the Territory, without our prior written consent. You may not service residential Customers without our express written consent.

You must also select your business office site within the Territory (“Office Site”), and we must approve such Office Site which we must approve in our sole discretion. The Office Site must contain a minimum of 300 square feet and meet all applicable fire and safety codes for storage of materials and supplies used by the System. You may not relocate your Office Site without our prior written consent, which we may grant in our sole discretion. If your home is located outside of the Territory, then you must obtain our prior consent to locate your Office Site within your home and, you agree that if a HOODZ franchisee purchases the Territory where your home is located, or if a Company Store is opened, you will relocate your Office Site from your home to another site within your Territory after receiving approval in writing from us. We reserve the right at any time, at our sole discretion, to allow another HOODZ franchisee(s) to locate their Office Site(s) within the Territory, provided they are operating the business out of their home. Our agreement with other HOODZ franchisee(s) will state that they may not market, solicit, advertise to or service Customers or Customer Service Locations that are located within the Territory except as described below. We will not allow another HOODZ franchisee to lease their Office Site within the Territory.

The Territory that has been awarded to you is where we will not allow another HOODZ Franchisee or Company Store to advertise in print or media, primarily directed to persons in your Territory. We may allow advertising in national or regional print or such other media not directed primarily at persons within the Territory, but which may reach or be received by persons in the Territory. You may advertise either as a single franchisee or, if the telephone directory encompassing your Territory includes another System franchisee’s territory, you may advertise as a pro rata participant in a common group advertisement.

If a Customer in your Territory has multiple Customer Service Locations that are not located in your Territory, they may be serviced by you provided you receive our prior written consent and the Customer Service Locations (a) are not in a HOODZ Corporate Territory, and (b) not in the Territory of another franchisee. At such time as a HOODZ Corporate Territory becomes a HOODZ franchised territory, those Customer Service Locations not owned by you in the newly formed HOODZ territory are to be transitioned to the HOODZ franchisee of that territory within the Transitional Period. During any Transitional Period(s) for new franchisee(s) you agree to allow the new HOODZ franchisee to accompany you and observe the cleaning for any accounts that will be transitioned to them for future cleans. The HOODZ franchisee will have the right to refer such business to another HOODZ franchisee or HOODZ Affiliate.

Customer Service Locations in a Territory derived from Customers within another Territory or the efforts of a HOODZ Affiliate are to be serviced by the franchisee of that Territory, except as described in the Transitional Period. At your option, you may decide not to perform Services for any one (1) or more of the Customer Service Locations in your Territory. If you choose not to service certain Customer Service Locations, you agree to allow us to select another HOODZ Affiliate to perform the work with no further obligation to you, financial or otherwise.

If for any reason, you are not able to perform one or more services for any one or more of the Customer Service Locations in the Territory in accordance with our System's standards and specifications, you agree to allow us to select, in our sole discretion, another HOODZ franchisee or Company Store to perform the work with no further obligation(s) to you in connection with such work, financial or otherwise.

In the event that you do not comply with all of the requirements at a Customer Service Location, or provide a warranty in the form we prescribe, you will be given 30 days to cure any dispute regarding compliance. If at the end of 30 days, you are not able to comply with all of the requirements for a Customer Service Location, we reserve the right to refer such business to another HOODZ Affiliate to perform the work with no further obligation to you, financial or otherwise, and you agree to fully indemnify us for any non-compliant work you performed. Such requirement to indemnify us shall survive the termination or expiration of this Agreement.

You are prohibited from advertising, soliciting, marketing, scheduling or servicing in any way, any Customers or Customer Service Locations outside the Territory without our prior written consent. Advertising, soliciting, marketing or servicing Customers outside of your Territory constitutes a default under this Agreement and, upon written notice, you must pay us a fee equal to the greater of \$500 or the cost of the job ("Improper Marketing or Service Fee") for each incident of unauthorized advertising, soliciting, or servicing. This fee is in addition to, and not in lieu of, our other rights under this Agreement, including our right to terminate this Agreement according to Section 12 of this Agreement. We have the right, in our sole discretion, to either (a) collect and keep the Improper Marketing or Service Fee or (b) collect and remit the Improper Marketing or Service Fee to the other franchisee.

#### **E. RIGHTS WE RESERVE.**

We retain, as we deem appropriate, the rights to:

1. establish or allow other HOODZ franchisees to establish, the physical location of their HOODZ Businesses at any location (a) outside of the Territory, or (b) inside the Territory if you provide your prior written consent and the other HOODZ Business is to be operated from an Office Site that is a franchisee's home located within your Territory. Under no circumstances will another franchisee or Company Store service Customers or advertise in the Territory, without your prior written consent, except as otherwise provided for in Sections 1.D and 2.G in this Agreement.
2. establish or license another HOODZ business or Company Store in the Territory, if you do not achieve the required minimum gross sales for a period of three (3) consecutive months after 12 months in operation (Section 2.F of this Agreement).
3. solicit, market to and build NORA relationships, whose offices may be located in the Territory (Section 1.F of this Agreement).

4. offer and sell Services and products anywhere that do not comprise a part of the System and, in connection with this right, to exploit our Marks, name, reputation, and know-how.
5. acquire businesses providing Services similar to those provided under the System and to be acquired by such a business.
6. contact your Customers who are delinquent in their payment of 90 days or more, initiate collection procedures on your behalf, take royalties on gross amounts collected and apply collection fees established in Section 2.K of this Franchise Agreement.
7. sell products under the Marks within and outside the Territory through any method of distribution, although within the Territory, it may not be through a HOODZ business. This includes sales of products using the Marks through Alternative Distribution Channels. You may not use Alternative Distribution Channels to make sales outside or inside the Territory and you may not receive compensation for sales of products using the Marks through Alternative Distribution Channels except as described in the following paragraph.
8. If we engage in electronic commerce through any Internet, World Wide Web, or other computer network site, or sell through any other Alternative Distribution Channel, and we receive orders for any System products or Services calling for delivery or performance in the Territory, we will offer the order to you at the price we establish. If you choose not to fulfill the order, if you do not meet the requirements, or otherwise are unable to fulfill the order, then we, or another HOODZ Affiliate may fulfill the order, and you will be entitled to no compensation in connection with this.
9. make sales within the Territory of products or Services under trademarks different from the Marks you will use under this Agreement.
10. engage and license others to engage in any other activities not expressly prohibited in this Agreement.

**F. NATIONAL AND REGIONAL ACCOUNT (“NORA”) PROGRAMS.**

We may provide NORA programs for a group of Customers, a partnership or group of partners that operate under a common ownership or control, under the same trademarks or service marks through independent franchises, or some other association, located at multiple Customer Service Locations, Chain Customers and other similar organizations for the benefit of the System. Some NORA Customer Service Locations may be in your Territory. Our pursuit of these programs may involve solicitations, marketing and other related activities by us within the Territory. You may not solicit, service or otherwise pursue any NORA programs, whether the contacts for these relationships are in the Territory or not, without our prior written consent. You may not service, solicit or otherwise pursue a relationship with a NORA program or potential NORA program or any of its members, without notice to us and our prior written consent.

If a NORA program is established in the Territory, you will receive exclusive referrals by us for any service requests we receive to be performed within the Territory, provided that you are in full compliance with this Agreement, you service these accounts consistent with the terms and conditions of our NORA relationship(s), and to the satisfaction of these accounts. Any such



accounts that are in the Territory of a HOODZ franchisee or Company Store or outside of the Territory will be assigned by us as determined by us in our sole discretion.

If a NORA program is referred to you, you agree to abide by the System, methods and procedures as outlined in the HOODZ System Standards (as defined in Section 3.C), which includes, but are not limited to the following:

1. If you are conducting a NORA program, and the client has additional requirements, you agree to follow those requirements, which are to be provided to you in writing. You may be required to sign a contract with the Customer amending the base NORA National Contract for that Service Location. All work is subject to the terms, conditions and pricing established by HOODZ for that National Contract or the National Strategic Partner as a prerequisite for participation in these programs. These terms may vary, as determined by us in our sole discretion, depending on the situations and circumstances.
2. In the event that you do not comply with all of the requirements in a NORA program, or if we are directed by a NORA Customer at any time for any reason to not have you perform a NORA program in the Territory, then we reserve the right to refer such NORA business to another HOODZ franchisee, Company Store or third party and you agree to fully indemnify us for any non-compliant work you perform on a NORA program. If a NORA Customer expresses a concern about you, we will reasonably cooperate with you to resolve the NORA Customer's concerns. However, after we exercise what we believe to be reasonable efforts to rectify the problem, if the NORA Customer continues to refuse to do business with you, or you decline to do business with them, then you agree that any HOODZ franchisee, Company Store or third party that we designate may provide Services for that NORA Customer in the Territory. In any event, none of the franchisee, Company Store, third party or us are liable or obligated to pay you any compensation for doing so, and none of the HOODZ franchisee, Company Store, third party or us will be considered in breach of any provision of this Agreement or any other agreement between you and us. Such requirement to indemnify us shall survive the termination or expiration of this Agreement.
3. For purposes of coordinating efforts and results of NORA programs, you must provide us with copies of all reports, forms and notices, in a form prescribed by us in our sole discretion, relating to your pursuit and servicing of a NORA contract, on a timely basis, using the forms we may specify from time to time. You also agree to coordinate with us any solicitations you conduct that may have potential for development as a NORA program.
4. We may have a NORA contract, which requires centralized invoicing. The HOODZ corporate office may be required to invoice this Customer for multiple Services performed at multiple locations, by multiple HOODZ franchisees and collect payment(s). We may also be required to submit invoices at specific intervals. Payment to individual HOODZ franchisees will be forwarded from us to you upon receipt of payment in full from the NORA customer. All revenue received is subject to the Royalty according to this Franchise Agreement.

HOODZ or our designee reserves the right to offer a job to you for less than what we are being paid for the job by the customer.

**G. CO-VENTURING.**

Any project or enterprise undertaken jointly by two (2) or more franchisees will be known as “Co-venturing.” Co-venturing with other franchisees must be managed through us and you may not negotiate directly with other franchisees without our prior written approval. You may not on any occasion solicit any Services or products from any other contractors offering commercial cleaning, maintenance and repair services including but not limited to commercial kitchen equipment cleaning, which includes commercial exhaust hood and/or oven cleaners and restoration contractors without our prior written consent. You may not hire temporary staff for the purposes of completing a specific job without our prior written consent. You may not service a Customer if doing so is beyond your current equipment capabilities or qualifications, or if it would otherwise disrupt the normal servicing of other existing Customers.

**H. OTHER BUSINESSES.**

It is agreed and understood no other business or business operations may be undertaken through your franchisee entity, without our prior written consent. Owners, including the Managing Owner, may not own or operate any business, which conducts services identical or similar to us.

**2. FEES AND OTHER MONETARY REQUIREMENTS.**

**A. INITIAL FRANCHISE FEE.**

You must pay us an initial franchise fee (the “Initial Franchise Fee”) in full immediately upon execution of this Agreement in the amount set forth in the Summary Page of this Agreement. You agree and acknowledge that the Initial Franchise Fee is deemed fully earned upon payment and non-refundable under any circumstances.

*i. Standard HOODZ Territory*

The Initial Franchise Fee for a Standard Territory is \$59,900 (the “Standard Base Fee”) for a number of no less than 1,600 but not more than 2,000 RFSCs (a “Standard Territory”). For a Standard Territory with more than 2,000 RFSCs, the Initial Franchise Fee will equal the Standard Base Fee, plus \$30.00 for each RFSC over 2,000 (the “Additional Fee”). For example, the Initial Franchise Fee for a location with 2,200 RFSCs will be computed as follows:

$$\$59,900 \text{ (Standard Base Fee)} + (200 \times \$30.00) = \$65,900$$

Each Standard Territory will have a maximum of 3,000 RFSCs. The purchase of more than 3,000 RFSCs in the aggregate at any time during the term of the Franchise Agreement will require the payment of an additional Initial Franchise Fee.

We will determine the number of RFSCs in our sole discretion based on data compiled by the Environmental Systems Research Institute, Inc. (“ESRI”) and InfoUSA. The determination of RFSCs is only for the purposes of determining the Initial Franchise Fee and is not a representation as to the potential number of customers in the Standard Territory, either at the commencement of or during the course of the Term of the Franchise Agreement, including any renewal terms.

ii. *Express HOODZ Territory*

The Initial Franchise Fee for an Express Territory is \$29,900 (the “Express Base Fee”) for a number of no less than 750 but not more than 1,000 RFSCs (a “Express Territory”). For an Express Territory with more than 1,000 RFSCs, the Initial Franchise Fee will equal the Express Base Fee, plus the Additional Fee for each RFSC over 1,000. For example, the Initial Franchise Fee for a location with 1,200 RFSCs will be computed as follows:

$$\$29,900 \text{ (Express Base Fee)} + (200 \times \$30.00) = \$35,900$$

Each Express Territory will have a maximum of 1,599 RFSCs. The purchase of more than 1,599 RFSCs in the aggregate at any time during the term of the Franchise Agreement will require the payment of an additional Initial Franchise Fee.

We will determine the number of RFSCs in our sole discretion based on data compiled by the Environmental Systems Research Institute, Inc. (“ESRI”) and InfoUSA. The determination of RFSCs is only for the purposes of determining the Initial Franchise Fee and is not a representation as to the potential number of customers in the Express Territory, either at the commencement of or during the course of the Term of the Franchise Agreement, including any renewal terms.

iii. *Conversion Franchise*

If you are an existing hood cleaning business that has grossed at least \$100,000 in annual sales in your two (2) most recent fiscal years, then you may qualify to purchase a HOODZ Business as a conversion franchise (“Conversion Franchise”). To be eligible to purchase a Conversion Franchise, you must provide two (2) years’ worth of tax returns (Form 1040 with schedule C, E, or F, Form 1065, Form 1120S, or Form 1120, and any other financial information we may require).

Conversion Franchisees are also required to enter into our standard Conversion Addendum, which is currently attached as Exhibit H to this Agreement.

The Initial Franchise Fee for a Conversion Franchise will be reduced according to the percentages shown in the chart below.

<b>Conversion Tiers</b>	<b>Grossed Annual Sales</b>	<b>Discount on Initial Franchise Fee</b>	<b>Re-Branding Credit*</b>
<b>Tier One</b>	\$100,000 - \$249,999	25%	\$5,000
<b>Tier Two</b>	\$250,000 - \$499,999	35%	\$10,000
<b>Tier Three</b>	\$500,000 - \$749,999	40%	\$15,000
<b>Tier Four</b>	\$750,000 - \$999,999	50%	\$20,000
<b>Tier Five</b>	\$1,000,000+	60%	\$25,000

\*If you are eligible to purchase a Conversion Franchise, then you may also be eligible to receive a one-time re-branding credit (“Re-Branding Credit”) that will be applied toward the cost of vehicle graphics and items from us, our vendors, or our affiliate(s) that must be used within six (6) months after signing the Franchise Agreement.

Depending on the types and condition of the equipment you already own, the Initial Package Fee may be reduced in our sole discretion. At minimum, you will be required to purchase the Logowear Package, Print Marketing Materials, Digital Marketing Package & Convention Allowance for \$5,500 plus sales tax. We reserve the right to require Conversion Franchisees to purchase a

complete Initial Package if we deem it necessary. Conversion Franchises are not eligible for any other discounts to the Initial Franchise Fee.

*iv. Related Franchisee*

If you are currently a franchisee in good standing, as determined by us, with one of our franchising affiliates (a “Related Franchisee”), then you may qualify to purchase a HOODZ Business with discounted Initial Franchise Fees. The Initial Franchise Fee is due upon signing a Franchise Agreement and are fully earned and non-refundable when paid. The Initial Franchise Fee for a Related Franchisee will be twenty-five percent (25%) off of the then-current Initial Franchise Fee, and such discounted fee is limited to up to two (2) Standard Franchises, which must be purchased at the same time. A Related Franchisee must also purchase from us Initial Package and pay the Initial Package Fee.

A Related Franchisee cannot use any other discounts, including for a Conversion Franchise.

*v. Additional Initial Franchise Fee Payment Terms; Acknowledgements*

HOODZ is a member of the International Franchise Association (IFA) and participates in IFA’s VetFran Program, which provides a 20% discount on the Standard Base Fee or Express Base Fee of the Initial Franchise Fee to veterans of the U.S. Armed Forces who have been honorably discharged and meet the requirements of the VetFran Program. This is only applicable for the first Franchise awarded to you by us or our affiliate(s).

We also offer a \$2,500 discount on the Initial Franchise Fee on the first Territory to first responders, which include sworn police officers, paid and volunteer firefighters, and paid and volunteer emergency medical technicians and paramedics. This discount may not be used in conjunction with the Veteran discount. We reserve the right to require proof that the applicant qualifies for this discount. Express Territories are not eligible for any other discounts.

We may offer additional financing to those franchisees who meet our credit standards. Our financing is described in more detail in Item 10.

Upon the expiration and renewal of your Franchise Agreement (“Renewal Term”), you will not be required to pay the Initial Franchise Fee or Initial Package Fee, but you must pay our then-current renewal term fee, and you may be required by us to purchase new or additional equipment, at your sole expense.

If you are acquiring your HOODZ Business via transfer (“Transfer Term”), then (a) we currently waive the Initial Franchise Fee, (b) you or the seller must pay our then-current Transfer Fee, and (c) you may be required to purchase some or all of the Initial Package, in our discretion. At minimum, you will be required to purchase the Logowear Package, Print Marketing Materials, Digital Marketing Package & Convention Allowance for \$5,500 plus sales tax.

Within four (4) months of signing this Agreement, we expect you to complete our Business Manager and Technical Operations Training to our satisfaction, as defined below in Section 3.A. In the event that you do not do so, at our discretion we may terminate this Agreement.

**B. INITIAL PACKAGE FEE.**

You must also purchase from us a fixed initial package (“Initial Package”) that will cost \$23,300 plus sales tax (the “Initial Package Fee”). The Initial Package includes branded apparel,

printed marketing materials including trademarked office supplies and stationery, tools and equipment, safety package, bid appointment setting allowance, and a Convention Allowance (as defined below)

If you attend the first Convention that is scheduled to take place within one year of your successful completion of the Jumpstart Training Program and Business Manager and Technical Operations Training (as both are defined in Item 11 of this Disclosure Document) you will receive a \$749 convention allowance (the “Convention Allowance”). The Convention Allowance covers the registration fee for one person to attend the first HOODZ Convention that is scheduled following your successful completion of our Business Manager and Technical Operations Training Program. The Convention Allowance cannot be used to offset any other expenses or requirements associated with your Business and is not refundable. If you miss your first Convention, the Convention Allowance included in the Initial Package will be applied toward the Convention Non-Attendance Fee.

If this is a Transfer Term and you are purchasing the entire HOODZ Business from the previous owner, you are required to purchase a modified Initial Package that includes the \$749 Convention Allowance. If this is a Transfer Term and you are purchasing a portion of the HOODZ Business being sold, you must purchase the entire Initial Package. If this is a Renewal Term or if you are purchasing an additional franchise agreement, you are not required to purchase the Initial Package.

### **C. ROYALTY.**

You shall pay us a weekly royalty (the “Royalty”) equal to ten percent (10%) of Gross Sales up to \$999,999.99, for each calendar year of the Franchise Agreement. If your Gross Sales meet or exceed \$1,000,000.00 in any given calendar year, then we will reduce your Royalty to nine percent (9%) for the remainder of the calendar year in which you exceeded \$1,000,000.00 in Gross Sales, plus the entire following calendar year. If you fail to achieve over \$1,000,000.00 in Gross Sales in the following calendar year, then your Royalty will revert to ten percent (10%) until such time as your Gross Sales meet or exceed \$1,000,000.00. If your Gross Sales meet or exceed \$2,000,000.00 in any given calendar year, then we will reduce your Royalty to eight percent (8%) for the remainder of the calendar year in which you exceeded \$2,000,000.00 in Gross Sales, plus the entire following calendar year. If you fail to achieve over \$2,000,000.00 in Gross Sales in the following calendar year, then your Royalty will revert to nine percent (9%) for Gross Sales until such time as your Gross Sales meet or exceed \$2,000,000.00. If your Gross Sales meet or exceed \$3,000,000.00 in any given calendar year, then we will reduce your Royalty to seven percent (7%) for the remainder of the calendar year in which you exceeded \$3,000,000.00 in Gross Sales, plus the entire following calendar year. If you fail to achieve over \$3,000,000.00 in Gross Sales in the following calendar year, your Royalty will revert to eight percent (8%) for Gross Sales until such time as your Gross Sales meet or exceed \$3,000,000.

For example: if your Gross Sales meet or exceed \$1,000,000 in July 2024, your Royalty will be nine percent (9%) beginning July 2024 through December 2025. If your Gross Sales in the calendar year 2025 are less than \$1,000,000, your Royalty will be ten percent (10%) beginning January 2026, until your Gross Sales meet or exceed \$1,000,000. If your Gross Sales do not meet the qualifying amount associated with that discounted Royalty, then you must re-qualify for the discounted Royalty in the next calendar year.

If for any reason you and/or the Franchised Business is found to be out of compliance with the franchise agreement, then we reserve the right to reset the Royalty to ten percent (10%) for the remainder of the calendar year, at which time you must re-qualify for the discounted Royalty the following year.

Every week, we will scan HOODZ Software (as defined in Section 2.H) and find amounts paid by Customers and amounts due from Customers. We will provide an itemization of the jobs on which Royalties will be assessed, and the total of the Royalties, in the form, format, and medium we decide in our sole discretion. The Royalty will be assessed to you upon the earlier of (a) receipt of funds from the Customer, or (b) 90 days after the date of the original invoice is created, regardless of whether the invoice is paid in full. If you transfer this Agreement to a new owner, Royalty for all completed jobs must be paid on the day of closing or on the effective date of termination of this Agreement, either by you or by us. As further described below, the following Friday (the “Due Date”), we will initiate a transfer of funds between our bank accounts for the amount indicated in the itemization. We may specify different Due Dates periodically and in our sole discretion.

You promise to sign and deliver to us, before the Franchised Business opens, the documents we require to authorize us to automatically debit your business checking account each Due Date for the Royalty due on Gross Sales from the preceding week. You also promise to promptly and regularly report a correct statement of all of your Gross Sales in the HOODZ Software, including the date and amount of invoices issued, along with any other information we specify, in the form and on the schedule we require in our sole discretion. All Customer information including business name, contact name, phone number, location address, and email address must be accurate and complete.

If you fail to report your Gross Sales for any week as required by us, or to record receipt of payments received within 48 hours of receipt, we can debit your account on Due Date for the same Royalty amount that we debited during the previous week. If the Royalty we debit from your account is greater than the Royalty you actually owe us (once we have determined your true and correct Gross Sales for the week), we will credit the excess against the amount we otherwise would debit from your account on the following Due Date. If the Royalty we debit from your account is less than the Royalty you actually owe us, we will debit your account for the balance of the Royalty due on the following Due Date. Our debit of your account will not relieve you of your obligation to pay any Late Report Fee or Late Payment Fee or interest due and defined under Section 2.D.

We can require you to pay the Royalty by means other than automatic debit (e.g., by check) whenever we deem appropriate in our sole discretion, and you promise to comply with our payment instructions.

We reserve the right to record receipt on your behalf for all accounts receivable in the event of termination of this Agreement and you have not already done so by the effective date.

**D. LATE REPORT FEE, LATE PAYMENT SERVICE FEE, NSF FEE AND INTEREST.**

If the Royalty or any other fee that is due is not available in your account for debiting when due, a late payment fee will be imposed of five percent (5%) of the amount due or \$50, whichever sum is greater (“Late Payment Fee”), for each week past due. If you do not report your Gross Sales as required and/or you fail to submit your Royalty reports when due, a late report fee will be imposed of \$20 per week (“Late Report Fee”), for each week past due. Additionally, interest will be imposed at the rate of 18% per annum, or the maximum rate permitted by applicable law, whichever is less,

from the date these amounts were originally due until the date paid. When we debit your account for monies owed and there are insufficient funds available, we will also charge our current non-sufficient fund fee (“NSF Fee”). We can automatically debit your account for the Late Payment Fee, NSF Fee, Late Report Fee, interest fees and all other fees owed to us.

You acknowledge that this paragraph does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance the operation of your HOODZ Business. Notwithstanding the provisions of this Section, your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 12.

**E. DEFINITION OF GROSS SALES.**

“Gross Sales,” as used in this Agreement, includes all revenue generated from operating the Business, whether in cash, in services in kind, from barter and/or exchange, or otherwise. All barter and/or exchange transactions for which you furnish Services and/or products in exchange for goods or services will, for the purpose of determining Gross Sales, be to be valued at the full retail value of the goods and/or services you provide. You may deduct from Gross Sales the amount of all sales tax receipts or similar tax receipts that, by law, are chargeable to Customers, if these taxes are separately stated when the Customer is charged. In accordance with our policies as published periodically, you may also deduct from Gross Sales the amount of any documented refunds that we consider appropriate. All Gross Sales are subject to the Royalty according to this Agreement. All payments received for jobs must be recorded in the HOODZ Software within 48 hours of being received.

**F. REQUIREMENT TO ACHIEVE A MINIMUM LEVEL OF GROSS SALES.**

You acknowledge and agree that we have awarded you this Franchise and the Territory with the expectation that you will be able to develop a Business that will achieve a minimum level of monthly Gross Sales (the “Minimum Gross Sales”) which will be based upon whether you are granted a Standard Territory or an Express Territory, as follows:

*Standard Territory – Minimum Months Gross Sales Required*

Following the first full year of operation, HOODZ Businesses with a Standard Territory must maintain the following minimum levels of monthly Gross Sales:

<b>Months in Operation</b>	<b>Minimum Monthly Gross Sales Required in Standard Territory</b>	<b>Minimum Monthly Royalty Required in Standard Territory</b>	<b>Fixed Weekly Royalty Payment</b>
0 to 12 Months	No Minimum	No Minimum	\$0
13 to 24 Months	\$9,200	\$920	\$212.31
25 to 36 Months	\$13,800	\$1,380	\$318.46
37 to 48 Months	\$18,000	\$1,800	\$415.38
Greater than 48	\$23,000	\$2,300	\$530.77

*Express Territory – Minimum Months Gross Sales Required*

Following the first full year of operation, HOODZ Businesses with an Express Territory must maintain the following minimum levels of monthly Gross Sales:

<b>Months in Operation</b>	<b>Minimum Monthly Gross Sales Required in Express Territory</b>	<b>Minimum Monthly Royalty Required in Express Territory</b>	<b>Fixed Weekly Royalty Payment</b>
0 to 12 Months	No Minimum	No Minimum	\$0
13 to 24 Months	\$4,600	\$460	\$106.15
25 to 36 Months	\$6,900	\$690	\$159.23
37 to 48 Months	\$9,000	\$900	\$207.69
Greater than 48	\$11,500	\$1,150	\$265.38

If you do not achieve the required minimum Gross Sales after 12 months in operation we may collect a Royalty equal to what you would have been assessed had you achieved the minimum Gross Sales. In that instance, in addition to the Royalties you actually paid, we will collect the Royalties on the difference between the Gross Sales reported for the month and the Minimum Gross Sales on the Friday following the prior month’s end.

If the HOODZ Business fails to achieve the required Gross Sales requirement during any consecutive three-month period you must pay us a fixed weekly royalty payment equal to what you would have been assessed had you achieved the Minimum Monthly Gross Sales Requirement (“Fixed Weekly Royalty Payment”). You shall pay us the Royalty based on 10% of the Minimum Monthly Gross Sales Requirement based on the number of Months in Operation. The Royalty due will be divided equally into weekly payments based on the current Minimum Monthly Gross Sales Requirement. The Fixed Weekly Royalty Payment will continue until the HOODZ Business achieves the required Gross Sales for the applicable Months in Operation for three consecutive months.

Each January, we will conduct an accounting of total Royalties paid from the Gross Sales of each HOODZ Business during the prior. In the event of a deficiency in your payment of the Royalty, or any other amounts required to be paid under the Franchise Agreement, you shall immediately, upon notice, pay the deficiency to us. Your completion of such payment shall not be considered a waiver of any default by you or of any of our available remedies for such default afforded to us under this Franchise Agreement. In the event that any accounting discloses that your payments have exceeded the amounts due pursuant to the Franchise Agreement during that period, we will apply the overpayment as a credit on your Royalty account within forty-five (45) days of completion of the accounting, to offset amounts due in the following period.

Additionally, if the HOODZ Business fails to achieve the required Gross Sales requirement during any consecutive three-month period, we reserve the right to terminate the Franchise Agreement, establish another franchisee or Company Store in the Territory or allow another franchisee to solicit and service customers in your Territory. In that case, any franchise or Company Store that we designate may provide Services in the Territory. You agree that any franchise or Company Store we designate may provide Services in the Territory. Neither the franchise or Company Store nor we are liable or obligated to pay you any compensation for doing so, and neither the franchise nor we will be considered in breach of any provision of this Agreement or any other agreement between you and us regardless if minimum sales are achieved in the future.



If this is a Renewal Term, you will be required to meet the minimum Gross Sales requirement for the greater than 48-month level for each month of the renewal term, starting in the first month of the renewal term, for the entire length of the renewal term.

If you have been awarded more than one Territory, you will be required to meet the Minimum Gross Sales for each Territory. In other words, the dollar values for the Minimum Gross Sales would increase for each additional Territory you are awarded. For a second Territory the numbers would double, for a third, they would triple, etc. Your Royalty rates for each Territory may be averaged and aggregated together to form one Royalty rate and threshold scale (if applicable) for all of your Franchise Agreements.

If you purchase an Express Territory and subsequently purchase additional Territory so the aggregate number of RFSCs in that Territory exceeds 1,599, then your Territory will be subject to the minimum Gross Sales Requirements for a Standard Territory.

Once a Royalty or Minimum Royalty is paid, it is neither refundable nor applied to any future or past fees owed.

#### **G. LOCAL ADVERTISING, CUSTOMER ACQUISITION AND RETENTION.**

You must participate in the marketing program included in your Initial Package and described in Section 2.B of this Agreement. You must also participate in marketing, advertising, and promotional programs at the local level.

You agree to actively advertise and promote the Business within the Territory. We do not require you to expend a minimum amount each month on marketing, advertising, and promotional programs at the local level but recommend that you spend amounts in excess of 3% on local marketing and advertising. In addition, we reserve the right to require you to send quarterly mailings to a minimum of 1,600 locations within the Territory in accordance with our standards and specifications (the "Local Marketing Requirement"). You must fulfill the Local Marketing Requirement within the Territory only, as we prescribe in our HOODZ System Standards or otherwise in writing. You acknowledge and agree that the Local Marketing Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising. You may spend any additional sums you wish on local advertising. However, you must use only such advertising and promotional materials as we have previously approved, as more fully described below.

We will provide you the business phone number to be used by the Business. This number will be forwarded to any device you choose. As part of your local marketing, this number must be dedicated to your HOODZ Business. You promise to maintain a 24-hour answering system on this business number, use an approved script for answering calls, and you promise to continually list the Business on the Internet telephone directory site(s) of our choosing. You may elect to also list the Business in the primary telephone directory servicing the Territory or a trademark listing advertising your Business in the primary directory servicing the Territory.

Any other forms of advertising that would also advertise inside the Territory must be approved by us in writing according to the procedure described in the next paragraph. We may, with 30 days' notice to you, require that you use and pay for an answering service that we authorize to answer incoming sales calls.

You must use our approved advertising and marketing materials or receive our written approval of any and all other advertising and marketing materials from us before their first use. In

order to obtain approval of advertising and marketing materials, you must submit such proposed advertising material to us for review at least ten (10) business days before the proposed first use. If we take no action within such ten (10) business day period, the materials shall be deemed disapproved and you may not use such materials. The approval or disapproval is at our sole discretion. We also may, at our sole discretion, require you to immediately discontinue use of any advertising or marketing materials at any time, even if previously approved or provided by us. All advertising and marketing materials must meet our then current standards and specifications. We may, in our sole discretion, offer and sell advertising, marketing, and promotional materials at any time. Certain items, such as your truck, yard signs and hood stickers must reference the HOODZ National Toll Free number. You may not alter or remove reference to the toll-free number. You have no obligation to purchase any of these materials or forms from us, but if we implement local marketing programs, like an answering service and/or direct mail solicitations, you may be required to participate, at your expense.

In addition, we reserve the right, but are not obligated to, establish a brand marketing fund (the “Brand Marketing Fund”) for the common benefit of System franchisees. We have the right to require you to participate in and contribute up to 1% of your Gross Sales weekly to the Brand Marketing Fund (the “Brand Marketing Fee”) in the manner we prescribe and payable upon a timeframe and method we determine.

We have the right to require that any advertising cooperative or franchisee advisory fund be formed, changed, dissolved or merged.

We will use the Brand Marketing Fees, in our sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in our sole judgment, the Services offered by System franchisees. We have the sole right to determine contributions and expenditures from the Brand Marketing Fund , or any other advertising program, and the sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend Brand Marketing Fees in the general best interests of the System on a national or regional basis. We may use the Brand Marketing Fund to satisfy any and all costs of maintaining, administering, directing, preparing, producing, and implementing advertising, including the cost of: (i) preparing, producing, and implementing television, radio, magazine and newspaper advertising campaigns; (ii) direct mail and outdoor billboard advertising; (iii) public relations activities and advertising agencies; (iv) developing and maintaining an Internet website; and (v) personnel and other departmental costs for advertising that we internally administer or prepare. Nevertheless, we acknowledge that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While we do not anticipate that any part of the Brand Marketing Fees will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Marketing Fund for public relations or recognition of the “HOODZ®” brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.”

We may periodically assist franchisees to maintain high quality standards through Customer surveys, Customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the Brand Marketing Fund. The cost of these programs may be charged directly to you if the results from a Survey fall below System established minimum standards for such Surveys.

We have the right to reimburse ourselves from the Brand Marketing Fees for such reasonable costs and overhead, if any, that we may incur in activities reasonably related to the direction and implementation of the Brand Marketing Fund.

We are not required to contribute to the National Marketing Fund. We may, but are not obligated to, advance money to the Brand Marketing Fund to fund Brand Marketing Fund programs. In the event that we advance monies to the Brand Marketing Fund, we will determine, in our sole discretion, the manner and timing for the repayment, to us, of some, or all, of the funds we advance.

We will prepare on an annual basis, within 120 days of the end of the fiscal year, and make available to you upon written request, a statement of contributions and expenditures for the Brand Marketing Fund. The Brand Marketing Fund does not have to be independently audited.

Other than the advertising requirements described above, there are currently no additional advertising fees required by us, but we reserve to add fees in the future. It is at the discretion of us to determine how much to spend, and where to market, advertise and promote the HOODZ System.

#### **H. HOODZ SOFTWARE LICENSING AGREEMENT AND FEES; COMPUTER SYSTEM; INTRANET.**

Throughout the term of this Agreement, you must:

1. utilize our then-current HOODZ franchise management software system (“HOODZ Software”) in the operation of the Franchised Business;
2. sign and maintain a quarterly renewable HOODZ Software licensing agreement (attached to this Agreement as Exhibit C);
3. pay the then-current weekly technology fee for the HOODZ Software (the “Technology Fee”) in the same manner as you pay the weekly Royalty; and
4. utilize, sign a license agreement for, and pay for, any future proprietary software program we may designate for use with the System.

We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a compatible “back office” computer system that complies with our standards and specifications; (ii) a custom and proprietary point of sale system (the “POS System”), if we make such a POS System part of our proprietary operating system in the future; (iii) printers and other peripheral hardware or devices; (iv) archival back-up systems; (v) Internet access mode and speed; and (vi) physical, electronic, and other security systems (collectively, the “Computer System”).

We shall have the right, but not the obligation, to develop or designate: (i) computer software programs you must use in connection with any component of the Computer System, including the HOODZ Software (the “Required Software”), which you shall install at your own expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which you shall install at your own expense; (iii) the tangible media upon which you record data; and (iv) the database file structure of the Computer System. You will be responsible for the payment of all fees associated with the Required Software, Computer System, HOODZ Software and POS System.

At our request, you shall purchase or lease, and thereafter maintain, the Computer System, HOODZ Software, and, if applicable, the Required Software. You agree to pay all fees associated

with the use of HOODZ Software and any other Required Software, which may be payable to us or our approved or designated suppliers. You expressly agree to strictly comply with our then-current standards and specifications for all items associated with your Computer System, HOODZ Software and any Required Software, including any security software and keeping the Computer System, HOODZ Software and any Required Software up-to-date. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such upgrades, additions, changes, modifications, substitutions, and/or replacements to your Computer System, HOODZ Software or Required Software as we direct from time to time in writing. You agree that your compliance with this Section shall be at your sole cost and expense.

We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the HOODZ Business to us. We shall also have the right to, at any time without notice, electronically connect with your Computer System to monitor or retrieve data stored on the Computer System or for any other purpose we deem necessary. We have the right to access your computer system, the data in it, and the reports it generates at any time. There are no contractual limitations on our right to access the information and data on your POS System, HOODZ Software, and Computer System. You shall deliver to us all access codes, static internet protocol (“IP”) addresses and other information to facilitate our access to the data described in this Section within 30 days of opening the HOODZ Business.

You must obtain the computer hardware necessary to implement the HOODZ Software, and comply with all specifications and standards prescribed by us regarding the HOODZ Software as provided in the HOODZ System Standards. We reserve the right to create additional proprietary software programs, which you must use in connection with the HOODZ Business. This HOODZ Software will be our proprietary product, and the information collected therefrom will be deemed our confidential information.

We recommend purchasing one mobile phone or tablet per Service Technician, but, at a minimum, we require one mobile device per vehicle.

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required by us to use such computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under this Agreement to us online; (ii) view and print portions of the HOODZ System Standards, including any updates or modifications thereto; (iii) download approved local advertising materials; (iv) communicate with us and other HOODZ franchisees; and (v) to complete any initial or ongoing training. You agree to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the HOODZ System Standards, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

#### **I. HIGH SPEED INTERNET CONNECTION, ELECTRONIC MAIL NETWORK, WEBSITE AND BUSINESS PHONE.**

You promise to subscribe to, maintain, and utilize a Fiber-optic, Cable, or Satellite high-speed Internet connection and email network account with independent suppliers, which

periodically we approve. If you do not receive written approval within ten (10) business days of our written receipt of your request, such supplier will be considered disapproved. As technology advances and new discoveries are made, we have the right to require you use other technological items, as well as to designate the specific companies, models and/or types that you must use for these technological services. You must use and maintain an email name that we have approved that will have currently @HOODZ.US.COM or @HOODZ.CA as its suffix for the use of all HOODZ Business transactions and correspondence.

You also promise to use, subscribe to, and pay for, as directed by us, a customized website connected to our website and managed by our web site provider. You may not attempt to redirect any traffic on the customized website. You may not implement a website or URL for the HOODZ Business either yourself or through a third party provider. We have sole discretion and control over the website (including timing, design, contents and continuation).

We may, but are not obligated to, create interior pages on the website(s) that contain information about the HOODZ Business and other franchised businesses. If we do create such pages, we may require you to prepare all or a portion of the page for the HOODZ Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting.

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the HOODZ Business, including any profile on Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, or any other social media and/or networking site. If such approval is granted by us, you must: (i) establish and operate such World Wide Web or Internet site in accordance with HOODZ System Standards and any other policies we designate in the HOODZ System Standards or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s).

We shall have the right to modify the provisions of this Section.

We may use a portion of the Brand Marketing Fee or the Technology Fee to pay or reimburse ourselves for the costs incurred in connection with the development, maintenance and update of our website.

We may provide you the business phone number to be used by the Business. This number will be forwarded to your auto attendant or any device you choose. As part of your local marketing, this number must be dedicated to your HOODZ Business. You must maintain a 24-hour answering system on this business number, use an approved script for answering calls, and you must continually list the HOODZ Business on the Internet telephone directory site(s) of our choosing. You may elect to also list the HOODZ Business in the primary telephone directory servicing the Territory or a trademark listing advertising your HOODZ Business in the primary directory servicing the Territory.

We currently offer a service through which selected phone calls to our toll-free phone number will be forwarded to you or us. While we offer this service, we will maintain it 24 hours per day, seven days per week, subject to acts of God or circumstances beyond our reasonable control, including power outages and the unavailability of telephone services. In the phone routing process,

we use commercially reasonable efforts to route calls from prospective customers requesting service in the Territory to you. We do not guarantee that every phone call requesting service in the Territory will be routed to you. We reserve the right to modify or terminate this service at any time, in our sole discretion, including, without limitation, the right to require that all customer calls be directed through our toll-free line or any other telephone number we designate. Currently, the cost of this toll-free number and forwarding call is including in the Technology Licensing and Upgrade Fee.

**J. ADMINISTRATIVE FEE.**

You must pay to us the then-current administrative fee (the “Administrative Fee”) upon your request or when we are required due to your actions or request, to amend the Franchise Agreement or when you ask us to consent to various transactions or to services for which a specific fee is not imposed elsewhere in this agreement or the System.

**K. COLLECTION FEE.**

We retain, as we deem appropriate, the right to contact Customers who are delinquent in their payment of 90 days or more, initiate collection procedures on your behalf, and take the full amount of any Royalties owed to us from any amounts collected and apply collection fees up to an additional 35% (the “Collection Fee”) of the amounts collected on your behalf. We will credit you with any amounts collected, net of any Royalties and Collection Fees. You may not sue or otherwise hold us liable in any way for our pursuit of these collection procedures.

**L. OUTSTANDING ROYALTIES AND FEES OF PREDECESSOR.**

In the event you were awarded your HOODZ Business as a result of your purchase of all or substantially all of the assets of the Franchised Business owned by a previous franchisee in the Territory, you promise to pay us the following fees if they are not timely paid by your predecessor:

1. Our current transfer fee; and
2. Any and all outstanding Royalties, amounts owed for purchases from us, Late Payment Fees, Late Report Fees, NSF Fees, Administrative Fees, Collection Fees and any other fees owed, plus interest, as well as applicable broker fees, whether incurred by you or by your predecessor franchisee.

**M. NORA FEE.**

We may provide services to national and/or regional accounts that require centralized overview and support, and for purposes of responding to requests and referrals for Services through our franchise system, managing those relationships, answering calls placed to our toll-free number or a national account on-line access system. In that case, we may charge you a National or Regional Accounts Fee (“NORA Fee”) of up to three percent (3%) of Gross Sales generated by the NORA account that you service. The purpose of this fee is to defray the cost of providing national/regional account management services to the franchise system. We do not plan to charge a fee for simple referrals where we do not directly manage the relationship with the customer, but we reserve the right to do so.

### **3. TRAINING AND GENERAL GUIDANCE.**

#### **A. TRAINING.**

##### *Jumpstart Training.*

Your Managing Owner and, if applicable, Designated General Manager, must successfully complete our initial training program (the “Jumpstart Training Program”) within two (2) months of signing this Agreement, before attending Business Manager and Technical Operations Training (as defined below) and before the opening of the Franchised Business. The Jumpstart Training Program is our preparation program that includes numerous pre-opening activities.

The Jumpstart Training Program is a self-guided process, with additional guidance from our training team, along with our HOODZ System Standards which we will loan to you. You must prepare a comprehensive financial plan, review the HOODZ System Standards, complete a Territory review, coordinate your initial advertising program, acquire proper insurance, select and lease office space, and acquire all permits, licenses, and approved vehicles. All Jumpstart Training Program activities are to be completed before attending Business Manager and Technical Operations Training and before the opening of the Franchised Business and are conducted in your hometown by you with assistance from our home office staff. You shall begin the Jumpstart Training Program immediately upon your signing and return to us of this Agreement and the initial fees. During the Jumpstart Training Program, we will schedule a Business Manager and Technical Operations Training for you to attend at a later time. Business Manager and Technical Operations Training sessions are typically offered each quarter.

We may waive your attendance at the Jumpstart Training Program if you already operate a HOODZ Business and you purchase an additional franchise from us.

##### *Business Manager and Technical Operations Training for Business Owner or Designated General Manager*

Before you begin operating the Business, we will furnish Business Manager and Technical Operations Training (the “Business Manager and Technical Operations Training”) to the Managing Owner and, if applicable, the Designated General Manager, at no additional fee. The Managing Owner and, if applicable, the Designated General Manager, must complete the Business Manager and Technical Operations Training to our satisfaction within four (4) months of signing this Agreement, and failure to do so will result in the termination of this Agreement. The Business Manager and Technical Operations Training may not commence until you have paid all fees due to us.

The Business Manager and Technical Operations Training will last up to twelve (12) days in duration at our headquarters or another location designated by us. You will be responsible for all travel and living expenses that you and your employees/owners incur for this Business Manager and Technical Operations Training.

In the event that you own multiple HOODZ Businesses and have a Managing Owner already at another HOODZ Business who has already completed the Business Manager and Technical Operations Training, the Managing Owner will still be required to successfully complete the most recent online training modules essential to the role of ownership. There is no charge for this training.

You may designate, with our approval and on a “space available” basis, additional persons to attend other sessions of the Business Manager and Technical Operations Training for which you

will be charged our then-current Business Manager and Technical Operations Training fee. In addition, each person we approve to attend the Business Manager and Technical Operations Training will be required to sign our then current confidentiality agreement before the start of training. The Business Manager and Technical Operations Training fee will be due and payable before the start of the training program and you will be responsible for the payment of all travel and living expenses incurred by your designees while training.

The Managing Owner or, if applicable, the Designated General Manager, must attend the HOODZ Convention every year that it is scheduled. If you fail to attend the Convention, without our prior written permission, you must pay the Convention Non-Attendance Fee of \$1,000. The Managing Owner or, if applicable, the Designated General Manager also must attend periodic refresher training courses and conferences, not to exceed one (1) convention/conference per year, at the times and locations we determine, and for which we may charge fees. This training may, at our option, be online. We will determine the duration, curriculum, and/or location of any online or other training. You will be responsible for all travel and living expenses that are incurred by you and your employees/owners while attending such session.

In the event that the Designated General Manager terminates his or her employment with you, you are required to designate a successor for our written approval, which shall be at our sole discretion, within ten (10) days of such termination. Such successor Designated General Manager must attend the next available Business Manager and Technical Operations Training. In the event, that the successor Designated General Manager does not successfully complete the next available Business Manager and Technical Operations Training, you may appoint one (1) additional person as successor Designated General Manager. This second successor Designated General Manager must attend and successfully complete the next available Business Manager and Technical Operations Training. If this second successor Designated General Manager does not successfully complete the next available Business Manager and Technical Operations Training, you will be in default of this Agreement and this Agreement will be subject to termination pursuant to Section 12.B.1 of this Agreement. At all times during the term of this Agreement, you must have employed at the HOODZ Business a person who has completed the Business Manager and Technical Operations Training program.

If this is a Renewal Term or if this is an additional HOODZ Business being awarded to you, and your Managing Owner or, if applicable, the Designated General Manager, have already attended the Business Manager and Technical Operations Training, the requirement that you attend the Business Manager and Technical Operations Training is waived, except as described above with respect to the online training modules and continuing training obligations. In such cases, if your Managing Owner or, if applicable, the Designated General Manager, do attend Business Manager and Technical Operations Training, you will be assessed our then current training fee. You will also be responsible for all travel and living expenses that you and your employees incur while training.

Upon your successful completion of Business Manager and Technical Operations Training, there will be a transitional period of approximately 90 days (“Transitional Period”), in which you and or your Service Technician will have the opportunity to observe actual commercial exhaust hood and oven cleaning work for Customer Service Locations located in your Territory which have been previously serviced by an existing HOODZ franchisee or Company Store. Depending on the scope of work and the cleaning cycle of the customer, we reserve the right to require you to observe at least one exhaust cleaning per customer being transitioned to you. You will not receive compensation for observation training during the Transitional Period. We reserve the right to extend



the 90 day Transitional Period in cases where a customer is not on a quarterly schedule and has a complex hood system which exceeds your experience level.

You must also, before commencing operation of the Franchised Business employ at least one (1) full-time experienced service technician (the “Service Technician”) who will be responsible for performing and overseeing your exhaust hood cleaning services and all other authorized services offered and sold by the Franchised Business, and who you are responsible for training. You are expected to train your Service Technician(s) in accordance with our standards.

## **B. GENERAL GUIDANCE.**

You will have access to information helpful to the operation of the HOODZ Business based on reports you submit to us and/or inspections that we may make from time to time in our sole discretion. In addition, we may furnish guidance to you, from time to time and in our sole discretion, on the following topics:

1. new products, Services, and methods which we may from time to time in our sole discretion discover or develop for the System;
2. the purchase and use of supplies, uniforms, equipment, and products;
3. the formulation and implementation of advertising and promotional programs using such merchandising, marketing, and advertising research data and advice as we may periodically develop for use in your local market;
4. the financial and daily operation of the Business including its accounting and record keeping functions;
5. other business and marketing advice;
6. support for our HOODZ Software, as defined in the Licensing Agreement attached hereto as Exhibit C; and
7. a contact telephone number, which may be used by you for communications with us during commonly accepted business hours.

This guidance will, at our discretion, be furnished in our confidential HOODZ System Standards, bulletins, or other written materials, conferences, conventions, or other training sessions, toll-free telephone consultations, electronic communications, and in consultations at our office or the offices of the HOODZ Business.

## **C. HOODZ SYSTEM STANDARDS**

The various elements of the System are incorporated into the HOODZ System Standards, online training modules, technical bulletins, on-line postings, our intranet website, directives, books, pamphlets, bulletins, memoranda, letters, e-mail, or other publications, documents, software programs, videos, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of us for use by the franchisees generally or for you in particular (collectively, the “HOODZ System Standards”). The HOODZ System Standards will contain

mandatory and suggested specifications, standards, operating procedures, and rules (the “System Standards”) that we prescribe periodically for the operation of the HOODZ Business, and information on your other obligations under this Agreement and related agreements. The HOODZ System Standards may be added to, deleted or otherwise amended by us from time to time at our sole discretion. You agree that the HOODZ System Standards is specifically incorporated by reference into this Agreement and that it shall be considered a part hereof, and that you shall comply with the HOODZ System Standards as an essential aspect of its obligations under this Agreement and failure by you to comply with the HOODZ System Standards may be considered a breach of this Agreement. To the extent that any terms in this Agreement conflict with those in the HOODZ System Standards, this Agreement shall govern and supersede such conflicting terms.

You promise to keep your copy of the HOODZ System Standards current and in a secure location in the principal office of the Business. If there is a dispute over its contents, the master copy of each of the HOODZ System Standards that we maintain at our principal office will be controlling. You may not at any time copy, duplicate, record, electronically forward or otherwise reproduce any part of the HOODZ System Standards. If all or any part of the HOODZ System Standards is lost, destroyed, or significantly damaged, you promise to obtain replacements at our then applicable charge.

You agree to use the Marks and System only as specified in the HOODZ System Standards. The HOODZ System Standards is the sole property of us and shall be used by you only during the term and in strict accordance with the terms and conditions hereof. You agree that such HOODZ System Standards shall be deemed to be a trade secret. You shall return to us the HOODZ System Standards, together with all copies thereof immediately upon the expiration, termination or assignment of this Agreement.

We reserve the right to revise the HOODZ System Standards from time to time at our sole discretion as we deem necessary to update operating and marketing techniques or standards and specifications. You shall immediately update your copy of the HOODZ System Standards as instructed by us and shall conform your operations with the updated provisions as soon as practicable, but no later than 30 days after receipt of receipt of any updated information, unless otherwise agreed to in writing us.

#### **D. DELEGATION OF PERFORMANCE.**

You agree that we have the right to delegate the performance of any portion or all of our obligations and duties under this Agreement to designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

#### **4. MARKS AND SYSTEM.**

##### **A. OWNERSHIP AND GOODWILL OF MARKS AND SYSTEM.**

1. You acknowledge that we own and have all rights to the Marks and the System.
2. Your right to use the Marks is derived only from this Agreement and is limited to your operation of the Franchised Business in accordance and in compliance with this Agreement and all System Standards we prescribe from time to time during its term.
3. You promise to use only the Marks that we designate in writing, and will use them only in the manner that we authorize. You may not use any Mark for unauthorized services or products, or in any other way we have not expressly authorized in writing.

4. You agree that your use of the Marks, and any goodwill established by this use, will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interest in the Marks upon you (other than the right to operate a Franchised Business under this Agreement). Upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System and the Marks.
5. All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols that we authorize you to use from time to time and in our sole discretion.
6. The right and license of the Marks awarded to you under this Agreement is non-exclusive, and we may:
  - a. award other licenses and franchises for the Marks and the System, in addition to those licenses already awarded;
  - b. use the Marks and System in connection with marketing and selling any products and Services as we deem appropriate; and
  - c. to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to you.

#### **B. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.**

You promise to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, in any infringement, challenge, or claim. We have sole discretion to take the action we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office (“USPTO”) proceeding, or any other administrative proceeding arising out of any infringement, challenge, claim or otherwise relating to any Mark. Provided that you have timely notified us of the claim or proceeding and complied with this Agreement as we determine in our sole discretion, we shall indemnify and hold you harmless against reasonable litigation expenses incurred in connection with any such infringement, challenge or claim. If we, in our sole discretion, determine that you have not used the Marks in accordance with this Agreement, you will bear the cost of such defense, including the cost of any judgment or settlement. You promise to sign any and all instruments and documents, render the assistance, and do the acts and things that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding, or otherwise to protect and maintain our interest in the Marks, including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket costs in performing such acts.

#### **C. LIMITATIONS ON YOUR USE OF MARKS.**

1. You promise to use the Marks as the only identification of the Business, except that you must identify yourself as an independently owned and operated business and as a franchisee, in the manner that we prescribe or approve, in the manner described in this Section.

2. You promise to affix the Marks upon such vehicles, uniforms, equipment, containers, fixtures, signs, stationery, advertising, sales/promotional materials, and such other objects, in such size, color, lettering style and fashion, and at such places as we may designate in the HOODZ System Standards.
3. You promise to not use the Marks, or any words or symbols confusingly similar to them, as part of any corporate or other legal name or with any prefix, suffix, or other modifying words, terms, designs, or symbols. You may not use the Marks in connection with the sale of any unauthorized product or service, on an Internet website of your own design, or in any other manner not explicitly authorized in writing by us or approved, in the manner described in this Section.
4. Except as expressly provided in the HOODZ System Standards, you may not display any other trademarks, logotypes, symbols, or service marks, nor may you use any other marks in connection with the Marks, or with the Business, without our prior written approval in the manner described in this Section.
5. You promise that all advertising and promotional materials that you use will bear the appropriate “SM,” “TM,” “®,” or “©” registration symbol and/or such other appropriate notice of ownership, registration, or copyright as we may require.
6. You promise to submit to us, for our prior written approval, in the manner described in Section C.8 below, the assumed or trade name (the “DBA”) you intend to use in the operation of the Business before filing for it as required by local laws. We may approve or not approve such DBA at our discretion. All filings or affidavits, following your receipt from us of an approved DBA, must state that the filing or affidavit is made as “a franchisee of HOODZ.” The approved DBA is the only DBA that you may use. You may not use a different name under any circumstances, including as a domain name, URL address, marketing, or for any other function.
7. We are the lawful and sole owner of the domain name [www.HOODZINTERNATIONAL.com](http://www.HOODZINTERNATIONAL.com). You cannot register any of the Marks that are now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue using of website using the Marks. You may access our website. Except as we authorize in writing in advance; however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or Services on the worldwide web; or (iii) create or register any Internet domain names in connection with your Business. The only exception is that you may list the HOODZ Business in an online directory.
8. In order to obtain approval of any use of the Marks, including all advertising containing any Marks, your identification or your DBA, you must submit such proposed use, identification or DBA to us for review at least ten (10) business days before the proposed first use. If we take no action within such ten (10) business day period, such use, identification or DBA shall be deemed disapproved. The approval or disapproval is at our sole discretion. We also may, at our sole discretion, require

you to immediately discontinue use of any Mark, advertising, identification or DBA at any time, even if previously approved or provided by us.

9. You must submit and receive our written approval in advance for any person that you desire to act as a representative for you in connection with local promotion of the Franchised Business or Marks in a public media.

#### **D. DISCONTINUANCE OF USE OF MARKS.**

If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any Mark and/or use one (1) or more additional or substitute names or marks, you promise to comply with our direction no later than ten (10) days after you have received notice. We will not be liable to you for any expenses, losses, or damages you sustain as the result of any such addition, modification, substitution, or discontinuance of a Mark, and you promise to not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages.

### **5. CONFIDENTIAL AND PROPRIETARY INFORMATION.**

#### **A. CONFIDENTIAL INFORMATION.**

1. We possess (and will continue to develop and acquire) certain confidential information (the “Confidential Information”) relating to the development and operation of HOODZ Businesses. The Confidential Information includes (without limitation):
  - a. general operating procedures for a Business;
  - b. the proprietary HOODZ Software;
  - c. guidelines for hiring, training, retaining, promoting, and supporting the marketing and sales staff;
  - d. the Jumpstart Training Program and Business Manager and Technical Operations Training;
  - e. written marketing and advertising materials, audiotapes, and programs for their utilization;
  - f. knowledge of specifications and suppliers of certain equipment and supplies for the Business;
  - g. information on operating results and financial performance of HOODZ businesses other than your own;
  - h. the HOODZ System Standards and the HOODZ intranet and its contents;
  - i. sales guidelines and strategies for developing business relationships in the insurance industry;
  - j. The Customer Information, as defined in Section 5.B below; and
  - k. Any other information we deem confidential.

2. You acknowledge and agree that you do not acquire any interest in Confidential Information, other than the right to utilize that which is disclosed to you in operating the Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition and a misappropriation of trade secrets. You also acknowledge and agree that the Confidential Information is proprietary, which includes our trade secrets, and is disclosed to you only on the condition that you promise to, during and at all times after the term of this Agreement:
  - a. not use Confidential Information in any other business or capacity;
  - b. maintain the absolute confidentiality of Confidential Information;
  - c. not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form;
  - d. adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure to employees of the Franchised Business and others; and
  - e. immediately upon the expiration or termination of this Agreement, return and cease using in any way all Confidential Information and provide us with immediate access to all computer or other electronic or other storage media, including without limitation, hard drives, memories, CD's, floppy disks, DVDs, zip drives, PDAs, jump drives or other peripheral drives and memory cards, containing any Confidential Information for the purpose of removing such Confidential Information or, if mutually agreed upon, surrender such devices to us.
3. The foregoing restrictions will not apply to information that:
  - a. is now public knowledge or hereafter becomes public knowledge through no fault of yours;
  - b. is properly provided to you without restriction by third parties having no such restriction; or
  - c. is required to be disclosed by order of a competent court or governmental authority, provided, however, that you provide us with prompt written notice of any claim or litigation that could give rise to such a requirement, you furnish only that portion of the confidential information that you are required to disclose; and you advise the governmental authority or court of your confidentiality obligations under this Agreement and seek to obtain appropriate protective orders or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.
4. You must disclose to us all ideas, concepts, methods, techniques and products concerning the development and operation of the Business that you, the Managing Owner or the Designated General Manager or employees, conceive or develop during the term of this Agreement. We shall own the rights to all such ideas, concepts, methods, techniques and products, regardless of the source and you must grant to us and agree to procure from your affiliates, owners or employees a perpetual, royalty-

free, exclusive and worldwide right to use such ideas, concepts, methods, techniques and products concerning the development and operation of the Business that your or your employees conceive or develop during the term of this Agreement. You must sign all documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials. We will have no obligation to make any lump sum or on-going payments to you with respect to any such idea, concept, method, technique or product. You must agree that you will not use nor will you allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

**B. PROPRIETARY INFORMATION/CUSTOMER INFORMATION/ INBOUND AND OUTBOUND CALL LISTS.**

You acknowledge and agree that we own any and all Customer lists and their contents that we provide to you and/or that you subsequently develop during the normal course of operating the HOODZ Business. You promise to keep an up-to-date list of all current and former Customers in the HOODZ Software, including their name, telephone number, email, complete mailing address, frequency of service, last date serviced, and price of service (the "Customer Information"). You acknowledge and agree that we own all Customer Information and we have available to us through the HOODZ Software, an electronic copy of the complete list of current and former Customers, including their name, telephone number, email, complete mailing address, frequency of service, last date serviced, and price of service, and other information concerning such Customers. You acknowledge and agree that we may have available to us a listing of all inbound and outbound calls and emails. The information will be utilized periodically in the development and execution of various marketing strategies. We retain sole discretion in the development of all marketing strategies. You promise not to use any Customer Information for any purpose other than in the normal operation of the Business without our prior written approval. You may not file suit against any of our Customers without our prior express written consent. We reserve the right to communicate with all Customers.

**6. COVENANTS NOT TO COMPETE.**

**A. FOR YOU.**

During the term of this Agreement, you, your Managing Owner, your Designated General Manager (if applicable) and Service Technician shall not:

1. engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering commercial cleaning, maintenance and repair including but not limited to commercial kitchen equipment cleaning services the same as or similar to the Services sold by the HOODZ Business and/or the services provided by our affiliates, including but not limited to commercial exhaust hood and/or oven cleaning and restoration (except for other franchises or authorizations we enter into with you); or
2. use our Confidential Information, System, HOODZ System Standards, Marks, Customer lists, Customer Information, trade secrets, trade dress, proprietary knowledge, or know-how, or any colorable imitations, in the design, development, or

operation of any business other than the HOODZ Business franchised hereunder, unless specifically authorized by us.

3. Divert or attempt to divert any business or Customer of the HOODZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

## **B. YOUR EMPLOYEES.**

At the start of their employment, you promise to require, as consideration for employment, each of your Service Technicians, sales and/or account management employees to sign non-disclosure and confidentiality agreements. Such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any Confidential Information, or other information, knowledge, or know-how regarding the System or the operation of the Business, which is deemed confidential or proprietary by us. Such employee non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the Customers of your Business, except in their capacities as employees of the HOODZ Business. We may require you to send us a copy of such agreements once fully signed.

## **C. OUR RIGHT TO ENFORCE NON-COMPETITION COVENANTS.**

You agree and acknowledge that a violation of the covenants as listed in this Section and in Section 13.D will result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction, without the requirement of a bond, prohibiting any conduct by you in violation of the terms of the covenants not to compete or the confidentiality and non-disclosure provisions or agreements. Further, you expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement or otherwise, will not constitute a defense to the enforcement by us of these covenants or agreements. You promise to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by us in connection with the enforcement of these covenants or agreements, if you are found to be in violation of the confidentiality and/or your non-competition obligation(s) under this Agreement. The protection awarded in this Section and/or in Section 13.D will be in addition to, and not in lieu of, all other protections for such trade secrets and confidential information as may otherwise be afforded in law or in equity.

You expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities to exploit such skills. Consequently, enforcement of the covenants and agreements described in this Section and in Section 13.D will not deprive you of the ability to earn a living.

The parties have attempted in this Section and in Section 13.D to limit your right to compete only to the extent necessary to protect us from unfair competition. It is the desire and intent of the parties to this Agreement, that the provisions of this Section and in Section 13.D be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of this Section or Section 13.D is adjudicated to be invalid or unenforceable, then these Sections will be deemed amended to modify or delete that portion thus adjudicated to be invalid or unenforceable, such modification or deletion to apply only with respect to the operation of these Sections and the in the particular jurisdiction in which such



adjudication is made. Further, to the extent any provision of this Section and/or in Section 13.D is deemed unenforceable by virtue of its scope or limitation, the parties to this Agreement agree that the scope and limitation provisions will, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

The parties expressly agree that the time and geographical limitations contained in this Section and in Section 13.D are reasonable and necessary to protect us and other franchisees from unfair competition if this Agreement expires or is terminated for any reason.

## **7. SYSTEM STANDARDS.**

### **A. COMPLIANCE WITH SYSTEM STANDARDS.**

You acknowledge and agree that the operation and maintenance of your HOODZ Business according to System Standards is essential to preserve the goodwill for the System, the Marks and all HOODZ franchisees. Therefore, at all times during the term of this Agreement, you agree that the Managing Owner or, if applicable, the Designated General Manager, shall devote his/her full-time best efforts to operate and maintain the HOODZ Business according to each and every System Standard, as we periodically modify and supplement them during the term of this Agreement, even if you believe that a System Standard, is not in the System's or your franchise's best interests. System Standards may be periodically modified and supplemented during the term of this Agreement. Furthermore, you promise to use your best efforts to assure that your employees and representatives conduct themselves, during business hours and/or whenever they are in a vehicle with a HOODZ logo, or a company uniform with a HOODZ patch, in a manner which is consistent with the professional and ethical image of the System.

You will offer and provide all of the Services that we periodically require for HOODZ Franchisees, and in the manner we prescribe. You may not sell any services or products, which we have not expressly authorized in writing.

System Standards, to be specified and periodically amended in the HOODZ System Standards, may include, without limitation, standards and specification regarding:

1. use and display of the Marks;
2. Services and products which we authorize you to sell to the public;
3. the use of supplies and equipment;
4. a dress code, during business hours, for you, your employees and your representatives;
5. suppliers you may use for the purchase of uniforms for you, your employees and your representatives;
6. vehicle type, model, color, trademark representation, and appearance. All vehicles purchased or leased for the Business are to be, and maintained, in a "good" condition as defined by KELLY BLUE BOOK ("good" condition means that the vehicle is free of any major defects). The vehicle must and include a global positioning system, and the data communications service for your global positioning system must remain

- active all times. The paint, body and interior must have only minor (if any) blemishes, and there may not be any major mechanical problems. In states where rust is a problem, this should be very minimal. All vehicles used in the HOODZ Business are to be decaled as required by us and the decals are to be free of defects. We may require you to purchase or lease vehicles from or through our designated suppliers. You will be required to submit photos of all vehicles used in connection with the Business in the manner and format we prescribe;
7. business forms and stationery; designated and approved suppliers for trademarked business assets and supplies; types and amounts of insurance coverage;
  8. compliance with applicable laws including obtaining required licenses and permits, payment of all taxes, assessments, fees, fines, and penalties arising out of the operation of the Franchised Business;
  9. adhering to good business practices, observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with Customers, suppliers, and us (including, but not limited to, maintaining, at all times, professional behavior with all Customers, vendors and our personnel), and notifying us if any action, suit, or proceeding is commenced against you or your franchisee entity;
  10. general operations including maintaining, at a minimum, Monday through Friday 8:00 AM to 5:00 PM business hours, sales, marketing, advertising, and promotional programs, answering service usage, phone type/model/provider, and materials and media used in these programs, personnel practices, bookkeeping, accounting, data processing, and record keeping systems, and forms, methods, content, and frequency of reports to us of sales and financial performance, and the furnishing of tax returns related to the Business and other operating and financial information to us;
  11. responding to any and all Customers' inquiries or complaints within one (1) business day, and resolving it within seven (7) calendar days of the initial complaint, to reasonably ensure positive Customer relations and maintain the goodwill of the System, even when such response may necessitate re-performing a task not completed to the Customer's satisfaction or a refund of moneys received;
  12. public figures you choose in connection with local promotions;
  13. registration and contents of online social media;
  14. use of a phone system, computer, email and website that meets our requirements, as periodically updated;
  15. marketing, advertising, and promotional materials prepared by you;
  16. the System Quality Assurance and Verification ("QAV") procedures and protocol, taught during Business Manager and Technical Operations training; the QAV

accreditation is required following every job to assure consistency and quality service throughout System and to verify compliance to Systems Standards for Customers;

17. installation, use and monthly maintenance of a global positioning system (“GPS”) for your vehicle(s), including payment of monthly fees to a designated or approved GPS vendor;
18. requiring you to offer and honor warranties for Services performed and providing such warranties in a form we prescribe, including, without limitation, on stickers to be placed on exhaust hoods and system serviced by you;
19. number of employees necessary to provide prompt courteous service;
20. timing of the training of other employees for the HOODZ Business;
21. necessary amounts of working capital; and
22. any other aspect of the operation and maintenance of your HOODZ Business that we determine periodically to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the System.

You agree to refrain from committing any act or pursuing any course of conduct that tends to bring our Marks into disrepute.

You must use your best efforts to promote and increase the demand for the HOODZ Business. All of your advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. You agree to refrain from any business or advertising practice which may be injurious to the HOODZ Business or the goodwill associated with the Marks and System.

You are solely responsible for: (a) selecting, retaining and paying your employees; (b) the payment of all invoices for the purchase of goods and services used in connection with operating the HOODZ Business; and (c) determining whether, and on what terms, to obtain any financing or credit that you deem advisable or necessary for the conduct of the HOODZ Business. You agree to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. You agree to indemnify us in the event that we are held responsible for debts owed by you if we elect to pay any of your obligations in order to preserve the relationship between system suppliers and HOODZ franchisees. You agree to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from your operation of the HOODZ Business. You agree to indemnify us in the event that we are held responsible for these taxes. Such requirements to indemnify us shall survive the termination or expiration of this Agreement.

You shall meet and maintain the highest safety standards and ratings applicable to the operation of the HOODZ Business. You shall furnish to us within two (2) days of your receipt

thereof, a copy of all inspection reports and any violation or citation that indicates your failure to maintain federal, state, or local safety standards in the operation of the HOODZ Business.

You acknowledge that we have developed the System to offer and sell Services that will distinguish the HOODZ Business from other businesses that offer similar services valued at different prices and with less attention paid to service quality and customer service. You agree to offer Services and to operate the HOODZ Business in such a manner that emulates and enhances the image we intend for the System. You further acknowledge and agree that each aspect of the System is important not only to you but also to us and to other HOODZ franchisees in order to maintain the highest operating standards, achieve system-wide uniformity and increase the demand for the services rendered by HOODZ franchisees. You agree to comply with the standards, specifications and requirements we set forth in order to uniformly convey the distinctive image of a HOODZ Business.

## **B. MODIFICATION OF SYSTEM STANDARDS.**

You acknowledge and agree that the System may evolve to reflect changing market conditions and regulatory environment and to meet new and changing consumer demands. As a consequence, changes, modifications, and variations to the System Standards may be required periodically to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

You agree that we may periodically, and upon reasonable notice to you, add to, modify, or change the System, including without limitation the adoption and use of new or modified trademarks, uniforms, signs, vehicle types, telephone numbers and technologies, products, equipment, Services, techniques, proprietary software, non-proprietary software, methodologies and sales strategies. You promise to promptly accept, implement, use, and display in the operation of your Business, all such additions, modifications, and changes at your expense.

We will not require you to make any changes, modifications, and variations to the System that is not required of all franchisees, with the exception of changes required or mandated by your state or a regulatory agency within your Territory. Your failure to comply with modifications to System Standards within 90 days is an incurable default under this Agreement.

All products and materials must meet System Standards and specifications for representation of the Marks, and be pre-approved by us regardless of the supplier. In the event you wish to purchase an unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us a written request for approval, including a proof of the materials you wish to order. We will notify you in writing of our approval or disapproval within ten (10) days of receipt of the materials and your written request. We have no obligation to approve any particular products, service or supplier. If you do not receive approval within ten (10) days, you should consider the materials disapproved. All products and materials must meet the quality of our current suppliers, and correctly bear the Marks. Standards and specifications are periodically modified to meet changing market conditions and are published in our HOODZ System Standards and on our web site. You must reimburse us our reasonable costs, regardless of if we subsequently approve your request.

At our discretion, we may, with notice to you, revoke our approval of any previously approved products due to changes in standards and specifications or if such products subsequently fail to meet the quality of our current suppliers.

Use of products and materials that have not received our prior written approval and/or do not meet our standards and specifications can result in the termination of this Agreement.

### **C. INSURANCE.**

Before attending the Business Manager and Technical Operations Training, you promise to purchase and maintain in full force and effect throughout the term of this Agreement and at your expense, insurance protecting you, your employees, and us, our officers, and employees, against loss, liability, fire, personal injury, death, property damages, or theft arising from, or occurring in connection with, the operation and promotion of the HOODZ Business. You acknowledge and agree that the insurance you will maintain reflects the minimum amounts of coverage we require, are not meant to reflect the actual needs you may have, and that it is your responsibility to carefully evaluate if these minimums will adequately meet your needs.

All policies will be written by an insurance company(ies) that is/are licensed in the state in which you are doing business, and that has an A.M. Best rating of “A” or better. Currently you are not obligated by the terms of this Agreement to purchase your insurance from any specific provider, although we reserve the right to specify the specific provider that you must use in the future.

Insurance policies will be written by an insurance company which is satisfactory to us and will be in accordance with the standards and specifications described in the HOODZ System Standards or otherwise in writing, and will include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified for all Owners from time to time by us in the HOODZ System Standards or otherwise in writing) the following:

Our current requirements are described below:

1. Commercial General Liability Insurance. You shall maintain insurance for “bodily injury,” “property damage,” and “personal and advertising injury” with no exclusion or limitation applying to the products/completed operations liability coverage. Limits shall be at least \$2,000,000 general aggregate, \$2,000,000 products and completed operations aggregate, \$1,000,000 personal and advertising injury limit, and \$1,000,000 per occurrence limit. Contractual liability coverage including the assumed personal injury endorsement shall be included to cover the indemnity provisions of this Agreement. The exclusion for employer’s liability shall not apply to claims for covered contractually assumed liability claims. HOODZ International, LLC and BELFOR USA Group, Inc., shall be named as an additional insured on such policy on a primary and noncontributory basis with a Grantor of Franchise Form CG2029 or an insurer’s comparable form. Such policy shall contain a waiver of subrogation endorsement as to claims against HOODZ International, LLC and BELFOR USA Group, Inc.

2. Automobile Liability Insurance. You shall maintain insurance with a combined single limit of \$1,000,000 for bodily injury and property damage for all owned or leased vehicles and for hired and non-owned motor vehicles. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the combined single limit.

3. Workers' Compensation and Employers' Liability. Statutorily required workers' compensation insurance and employer's liability insurance shall be maintained with limits of at least \$500,000 by accident, \$500,000 by disease and \$500,000 policy limit; or the minimum limit required by your state, whichever is higher. Such policy shall contain a waiver of subrogation endorsement as to claims against HOODZ International, LLC, BELFOR Franchise Group, LLC, and BELFOR USA Group, Inc. In "Monopolistic States", such as Ohio, North Dakota, Washington and Wyoming, you must provide a valid state certificate and "Stop Gap" coverage must be purchased separately or added to the CGL policy. "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language.

4. Employee Dishonesty Insurance. You shall maintain employee dishonesty insurance with minimum limits of \$50,000 per loss and such coverage shall also cover acts of stealing against third parties.

5. Umbrella Liability Insurance. You shall maintain a commercial umbrella liability insurance policy with a limit of at least \$2,000,000 per occurrence and aggregate and shall list the commercial general liability and automobile liability policies as scheduled underlying policies.

6. Other Insurance. You shall maintain compliance with any state, county, local, or other municipal insurance requirements and any other insurance policies we may require.

The insurance levels listed above are the minimum we require you to maintain for the Franchised Business. We may, periodically determine and modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstance. To gain adequate protection, you should discuss with your insurance agent and financial advisor to determine if your personal situation requires you to maintain coverage in excess of the minimums that we require. If any lease or Customer contract requires an insurance policy amount to be higher than the amounts we have listed above, you must obtain the highest amount for such policy.

All general liability insurance policies will name HOODZ International, LLC, BELFOR USA Group Inc., BELFOR Franchise Group, LLC and our designated affiliates, employees, officers and directors (the "Indemnified Parties") (see Section 14.C) as additional insureds, and will contain no provision which in any way limits or reduces coverage for you if a claim is made by any one (1) or more of the Indemnified Parties, and will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 30 days' notice of any intent to cancel or materially alter any policy. Such requirement to indemnify us shall survive the termination or expiration of this Agreement.

At least ten (10) days before attending either the Business Manager and Technical Operations Training, commencing the operation of the HOODZ Business, whenever a change is made to your policy, and before expiration of any insurance coverage, you must provide us a copy or certificate or other acceptable proof of such insurance. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our sole option and in addition to our other rights and remedies under this Agreement,

any required insurance coverage on your behalf. We are under no obligation whatsoever to obtain such insurance, but if we do so, you must fully cooperate with us in our efforts and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your HOODZ Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in this Agreement. You promise to promptly report all material claims, or potential claims, against you, any Indemnified Party or us, to the insurer and to us. You may not commence your HOODZ Business until you have provided the certificates of insurance or other acceptable proof of all insurances.

You acknowledge and agree that (a) the insurance you will maintain reflects the minimum amounts of coverage we require, (b) these minimums are not meant to reflect the actual needs you may have, and (c) it is your responsibility to carefully evaluate if these minimums will adequately meet your needs.

You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent.

You must provide us with copies of any insurance claims or insurance cancellations within 24 hours. You have a 24 hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days prior written notice from the insurance carrier to us. We have the right to increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to you, and you shall comply with any such modification within the time specified in said notice.

#### **D. RECORDS, REPORTS AND FINANCIAL STATEMENTS.**

We require you to use the HOODZ Software for maintaining Customer records and other for the Franchised Business. You shall grant us access to your databases and related information from this software management system, which we use to compute the Royalty due on Gross Sales, and to make other evaluations and verifications. In addition, you shall establish and license and maintain, at your expense, an accounting system. We currently require you to utilize QuickBooks Online Accounting Software that maintains a HOODZ specified Chart of Accounts. You must provide Franchisor access to the QuickBooks Online Accounting Software. You shall furnish us, in the manner and format that we require in our sole discretion:

1. within 10 days of our request, un-audited income statement for the requested time period in a form satisfactory to us, and such additional reports as we may require
2. within 90 days after the close of your fiscal year, a complete income statement and other financial statements in a form we may prescribe in our sole discretion;
3. within ten (10) days of our request, exact copies of any state, federal, or other income tax returns covering the operation of the Business, we shall treat this tax information as your confidential information.

4. by November 1 of each year, financial projections for the upcoming year in a form we may prescribe in our sole discretion;
5. by November 1 of each year, a marketing plan for the upcoming year in a form we may prescribe in our sole discretion; and
6. any other reports we may require in the future.

Your fiscal year must end on December 31. You shall verify and sign each report and financial statement in the manner that we prescribe. We may disclose data derived from these reports without specifically identifying you or the Business (unless we have your written consent to so identify you). We may require you to have audited financial statements prepared on an annual basis if you fail to comply with any provision of this Agreement. Finally, you will allow us, as we deem appropriate, timely access to your copy of any computer systems that you maintain, to retrieve all information relating to the operation of the Business.

We currently require you to utilize the web-based QuickBooks Online Accounting Software and maintain a HOODZ specified Chart of Accounts; we will have automatic password access to your financial reports on this system. You must provide Franchisor access to the QuickBooks Online Accounting Software.

You shall maintain all records, reports, and financial statements from the operation of your Business for a period of five (5) years during and following the termination, transfer or expiration of this Agreement.

#### **E. COMPLIANCE WITH LAWS.**

You will, at your expense, secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable local, state and federal laws, rules and regulations. You must, at your expense, comply with all federal, state, and local laws and regulations that apply to commercial kitchen exhaust cleaning and restoration businesses in general. If your state or county licenses commercial kitchen exhaust cleaners, you must be licensed before commencing operation of the Franchised Business and maintain throughout the term of this Agreement and any Renewal Terms. In states or countries where commercial kitchen exhaust cleaning professionals are not licensed by any governmental authority, you must satisfy us that you possess the qualifications required to perform the Services offered by HOODZ Businesses. It is solely your responsibility to investigate the federal, state and local laws and regulations that pertain to commercial kitchen exhaust cleaning businesses.

You will notify us in writing within five (5) days of the commencement of any action, suit, or proceeding for the issuance of any order, writ, injunction, award or decree or any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Franchised Business.

#### **F. IKECA PARTICIPATION.**

We believe that continued education is a strategic, integral component of the success both for the individual owner as well the brand as a whole. Currently, IKECA is a national forum for



promoting standards and providing education or certification opportunities. Membership and certification is not required, but strongly suggested.

## **8. INSPECTIONS AND AUDITS.**

### **A. OUR RIGHT TO INSPECT THE BUSINESS.**

To determine whether you are complying with this Agreement and all System Standards, we have the right at any time during business hours, and without prior notice to you, to perform an on-site inspection of your business at its principal office, and any other locations through which the Business is operated. During such inspection, we may participate in quality checks of home field services, review your books and records, review your promotional materials and media advertising, review your personnel files and practices, interview employees, and/or review any and all components of the Business.

You promise to cooperate fully with us in any inspection of your Business, and we promise to use our best efforts to not interfere with your Business's operation.

### **B. OUR RIGHT TO AUDIT.**

We have the right at any time during business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, any and all financial statements, reports, income tax records, sales tax records, payroll records, software databases, and other records of any and all bank accounts you use in connection with the HOODZ Business. You promise to cooperate fully with our representatives, and independent accountants we hire, to conduct any inspection or audit.

If any inspection or audit discloses an understatement of Gross Sales, we can debit your account, as provided in Sections 2.C and 2.D, for the Royalty and fees and all other amounts which are due in the amount of the understatement, plus interest, at the rate of 18% per annum or the maximum rate permitted by applicable law, whichever is less, from the date originally due until the date of payment.

Furthermore, if an inspection or audit is made necessary by your failure to furnish reports, supporting records, or other information or your failure to use our approved software for scheduling and invoicing as required by this Agreement, or to furnish these items on a timely basis, or if an understatement of Royalty is greater than 3% for any period reviewed, or for failure to record all Customer payments in the HOODZ Software within 48 hours of their receipt, you promise to reimburse us for the cost of the inspection and/or audit, including without limitation, the charges of attorneys and accountants, the travel expenses, room and board, and compensation of our employees. Further, if an understatement of Royalty is greater than 3%, you also promise to pay us an additional penalty fee equal to 10% of the total amount of the understated Gross Sales.

These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## **9. TAXES AND ADVANCES.**

### **A. TAXES.**

You promise to pay all taxes as required by local, state, or federal laws regarding the products, services, or equipment furnished or used in connection with the operation of the Business. You promise to promptly pay us, when due, the amount of all sales taxes, use taxes, personal property

taxes, and similar taxes imposed upon, required to be collected, or paid by us, to your state and/or local government, on account of Services or goods furnished by us to you through sale, lease, or otherwise, or on account of collection by us of the Initial Franchise Fee, the Initial Package Fee, Royalties, or any other payments to us under this Agreement.

**B. ADVANCES.**

You promise to promptly reimburse us for all amounts that we have paid, or have been obligated to pay, on your behalf for any unpaid tax liability, provided, however, that we are not obligated to pay these or any other payments on your behalf.

**10. TRANSFER, ASSIGNMENT, DELEGATION AND OWNERSHIP.**

**A. BY US.**

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

**B. BY YOU.**

You acknowledge and agree that we have entered into this Agreement with you based on your personal qualifications, experience, skills, character, etc. Thus, you cannot transfer this Agreement. "Transfer" shall mean any voluntary, involuntary, direct, or indirect, in whole or in part, assignment, sale, gift, encumbrance, lease, merger, bequest, change in control, or other disposition of 1) this Agreement or any rights thereunder, 2) the HOODZ Business or its assets, 3) any part of your ownership interest in the assets of the HOODZ Business, or 4) any part of your the equity/ownership interest in the Franchisee entity, or a grant of an option, warrant or right to acquire an equity or ownership interest, including but not limited to by divorce, insolvency, probate or intestate succession, trust, or other operation of law. All Transfers require our prior written approval and are subject to the conditions below. Any such Transfer without our prior written approval will be void and will constitute a breach of this Agreement. We will not, however, unreasonably withhold our approval provided that the conditions specified below are met:

1. you are in full compliance with this Agreement or any other agreement between you and us, our affiliates, our designated/approved suppliers and vendors and you have paid all accrued monetary obligations to us, our affiliates, and our designated/approved suppliers and vendors;
2. the transferee has demonstrated sufficient business experience, aptitude, and financial resources to meet our then current standards and qualifications for new franchisees.
3. the transferee and its owners, affiliates, and owners' immediate family members are not engaged in a competitive business, unless they agree to operate all competitive businesses offering commercial cleaning, maintenance and repair including but not limited to commercial kitchen equipment cleaning, which includes exhaust hood cleaning and oven cleaning service businesses as a part of the System;
4. you provide us with written authorization to release to the transferee any and all information about the operation of the Franchised Business which we have collected;

5. at our option, the transferee must sign our then current form of Franchise Agreement for a full term, the personal guaranty and all other required exhibits, the terms of which may material differ from the terms of this Agreement;
6. in the case of an installment sale, a transaction where Franchisee provides financing to transferee, transferee pays Franchisee via a promissory note or other structured payment plan, Franchisee must continue to guarantee performance and all payment obligations to Franchisor under this Agreement until the final closing of the installment sale or final payment of such structured payment arrangement;
7. if you finance any part of the sale price of the transferred interest, then (a) you agree and will assure that all of the transferee's obligations under any promissory notes or agreements are subordinate to the transferee's obligation to pay Royalties, Brand Marketing Fees, and other amounts due to us and otherwise to comply with this Agreement, (b) you will not hold any security interest reserved in the business, and (c) you will enter into a comfort letter assuring us that the transferee will meet its obligations under the Franchise Agreement, and reaffirming your guaranty of the Franchise Agreement;
8. you pay us:
  - a. our then current transfer fee, as published in our Operations Manual. The Transfer Fee is due upon our preparation of the required transfer documentation (consent to transfer and assignment agreement and/or preparation of transferee's franchise agreement), and is non-refundable at such time;
  - b. all Royalties for completed jobs up through the date of closing, fees, amounts owed for purchases from us, Late Payment Fees, Late Report Fees, NSF Fees, and all other fees or amounts owed to us, plus interest; and
  - c. all commissions, broker fees or other similar expenses if: (i) you list the Franchised Business with a broker, lead referral network or similar entity; or (ii) the transferee is referred to you or us by a broker, lead referral network or similar entity;
9. the transferee successfully completes our Business Manager and Technical Operations Training and any other training requirements contained in Section 3.A of this Franchise Agreement;
10. the transferee must assume and agree to be bound by all outstanding obligations to customers and clients of the HOODZ Business;
11. you, your principals, and the transferee (if we have a prior relationship with the transferee) have signed a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, our parents, officers, directors, employees,

and agents (such requirement to sign a general release is subject to change in our sole discretion);

12. we have approved the material terms and conditions of the transfer, the form of purchase and sale agreement, and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchised Business;
13. the proposed transferee must assume and agree to discharge all of your obligations under the Agreement and, if deemed necessary by us, the transferee's principals, individually, shall personally guarantee the performance of all such obligations in writing in a form satisfactory to us;
14. your Managing Owner and, if applicable, Designated General Manager, must have attended Business Manager and Technical Operations Training and your HOODZ Business must be open in order to transfer the HOODZ Business;
15. you must affirm and comply with your post-termination obligations, including, without limitation, such obligations described in Sections 6 or 13;
16. the transferee must obtain, within the time limits set by us, and maintain thereafter, all permits and licenses required for the operation of the HOODZ Business;
17. to the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;
18. the transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises; and
19. if required by us, in our sole discretion, transferee must purchase all or a portion of the Initial Package, new or refurbished equipment, inventory, new vehicles/vehicle wraps, and complete remodeling, refurbishing, renovation or upgrades required by Franchisor, etc. to ensure the HOODZ Business is in compliance with our current System Standards and in well-maintained condition.

We shall have 60 days from the date of the written notice to approve or disapprove in writing of your proposed assignment. You acknowledge that the proposed transferee shall be evaluated for approval by us based on the same criteria as is currently being used to assess new franchisees of us and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law. If we have not given you notice of its approval or disapproval within such period, the request for the transfer or assignment is deemed rejected.

### **C. OUR RIGHT OF FIRST REFUSAL.**

If you at any time determine to sell, assign, or transfer for consideration your interest in this Agreement, you must obtain a bona fide, signed written offer and earnest money (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror, and immediately

submit to us a true and complete copy of the offer which includes details of the payment terms. To be a valid, bona fide offer, the proposed purchase price is to be denominated in a dollar amount.

We have the right, exercisable by written notice delivered to you within 30 days from the date of the delivery to us of both an exact copy of the offer and all other information we request, to purchase the interest for the same price, less the transfer fee, and on the same terms and conditions contained in the offer provided that:

1. we may substitute cash for any form of payment proposed in the offer;
2. our credit will be deemed equal to the credit of any proposed purchaser;
3. we will have 90 days, after giving notice of our election to purchase, to prepare for and complete the closing; and
4. we are entitled to receive, and you must make, the same representations and warranties given to the proposed purchaser.

If we do not exercise our right of first refusal, you may complete the sale to the purchaser on the exact terms of the offer, subject to our approval of the transfer as provided in Section 10.B. If the sale is not completed within 60 days after the expiration of the right of first refusal, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

#### **D. YOUR DEATH OR DISABILITY; DIVORCE.**

Upon your death or disability (or the death or disability of an owner of 33% or more of Franchisee, (referred to in this document as “your death or disability”)) the executor, administrator, conservator, guardian, or other personal representative of Franchisee must transfer your interest in this Agreement or in Franchisee, in accordance with Sections B and C above, to a third party within a reasonable amount of time, but not to exceed six (6) months. During this time between the death and disability and the transfer required by this Section, the HOODZ Business must be operated in full compliance with this Agreement, as set forth in the next paragraph. The transfer will be subject to all of the terms and conditions applicable to transfers that are contained in this Section.

In the event of the Designated General Manager’s death or disability, and before a transfer of his/her interests in this Agreement, another owner of Franchisee, or the Designated General Manager’s spouse, child, or parent may temporarily operate the HOODZ Business only if 1) this party otherwise would qualify as a transferee, 2) personally manages the business on a full time basis, 3) is approved by the Franchisor, 4) successfully completes our Training Program as described in Section 3.A, and 5) signs an assignment and assumption of the Franchise Agreement or the then-current form of franchise agreement, if applicable. If no qualified person applies to Franchisor to operate the HOODZ Business in the interim, Franchisor shall have the right to appoint a representative or another franchisee to operate it upon giving notice to the executor.

For purposes of this Section, disability is defined as a condition that materially impairs your ability to operate the HOODZ Business in accordance with this Agreement for a period of thirty (30) or more consecutive days or sixty (60) or more days in a calendar year.

You will promptly notify us of any divorce proceedings that may result in a Transfer and tender the right of first refusal required in Section 10.C above. If we do not exercise such right, you must request our consent to any Transfer, and comply with the Transfer conditions set forth above in Section 10.B.

## **E. OWNERSHIP.**

1. The following provisions apply if you or any permitted successor is a partnership, Limited Liability Company (“LLC”) or corporation:
  - a. The articles of partnership, partnership agreement, articles of organization, articles of incorporation, by-laws and other organizational documents shall provide that the issuance and transfer of any interest in the franchisee is restricted by the terms of this Agreement. Copies of such documents and of resolutions of the franchisee’s board of directors or managers authorizing its entry into this Agreement shall be furnished to us upon request.
  - b. All general partners, members and all direct and indirect holders of a ten percent (10%) or greater equity interest shall, upon franchisee entity’s execution of this Agreement, execute an agreement personally guaranteeing to us the full payment and performance of the franchisee entity’s obligations to us and undertaking to be bound, individually, jointly and severally, by all the terms of this Agreement including, without limitation, the restrictions on assignment contained in this document. The guaranty and assumption of franchisee entity’s obligations shall be in the form as we may from time to time prescribe.
  - c. The franchisee entity shall not use the name “HOODZ” or any other Mark, or any name deceptively similar to, except to reflect its franchise relationship with us. Neither the franchisee entity nor any of its owners may issue or sell, or offer to issue or sell, any securities of franchisee entity or an affiliate of franchisee entity, regardless of whether such sale or offer would be required to be registered according to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior written consent, which is in our sole discretion, and complying with all of our requirements and restrictions concerning use of information About us.
  - d. The franchisee entity shall furnish us, at the time of execution of this Agreement and upon all transfers subject to the provisions of this Section 10, a list of all stockholders, members, managers and partners having an interest in the franchisee entity, their respective percentage interests and the number of shares directly and indirectly owned or controlled by each.

- e. The franchisee entity, if a corporation, shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section and shall cause all certificates representing outstanding voting securities to be surrendered for reissuance and cause all certificates for voting securities in the future to be issued with this legend printed conspicuously upon the face of each certificate:

“The transfer of this certificate and the shares it represents is subject to the terms and conditions of a certain Franchise Agreement with HOODZ International, LLC. Reference is made to that Agreement and to certain restrictive provisions of the Articles and by-laws of this corporation.”

- f. You acknowledge and agree that the restrictions on transfer imposed in this Agreement are reasonable and necessary to protect the System, the Marks, the Confidential Information, as well as our high reputation and image, and are for the protection of us and all other HOODZ franchisees.
- g. It is agreed and understood that no other business, business operations outside the operation of the HOODZ Business may be undertaken or conducted through such legal entity.

## **11. EXPIRATION OF THIS AGREEMENT.**

### **A. YOUR RIGHTS UPON EXPIRATION OF THIS AGREEMENT.**

Upon the expiration of this Agreement, provided that during its term you complied substantially with its provisions, including the timely payment of all fees and Royalties, you may continue your Franchise business for two (2) additional terms of ten (10) years each (each, a “Renewal Term”).

We may refuse to offer you a Renewal Term if you:

1. are not, at the time, in substantial compliance with this Agreement, or any other ancillary agreement then in effect between you and us;
2. have received written notice by us three (3) or more times during the last 30 months of the Initial Term or any Renewal Terms for failure to comply with the terms of this Agreement and were in violation of your obligation(s), whether or not the failure is subsequently cured;
3. have failed on more than three (3) separate occasions during the last 24 months of the Initial Term or any Renewal Terms to make timely payment to us of all sums due to us; or
4. have failed on more than three (3) separate occasions during the last 24 months of the Initial Term or any Renewal Terms to service all Customers in a manner consistent with our System Standards and reputation of ethical and professional conduct.

## **B. AWARD OF A RENEWAL AGREEMENT.**

You promise to give us written notice of your election to pursue a Renewal Term no earlier than nine (9) months, and no later than six (6) months, before the expiration of this Agreement. We promise to give you notice (referred to as “Our Notice”), not more than 45 days after we receive your notice, of our decision in accordance with Paragraph A of this Section:

1. to award you a renewal franchise agreement;
2. to award you a renewal franchise agreement on the condition that you correct any provisions of this Agreement with which you are not in compliance; or
3. not to award you a renewal franchise agreement based on our determination that you have not substantially complied with this Agreement during its term.

If applicable, Our Notice will state the actions you must take to correct operating deficiencies and a reasonable time period in which these deficiencies are to be corrected.

If we elect not to award you a renewal franchise agreement, Our Notice will describe the reasons for our decision. Your right to a renewal franchise agreement is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

## **C. AGREEMENTS/RELEASES.**

If you satisfy all of the other conditions to the awarding of a Renewal Term, you promise to sign the then-current franchise agreement and any ancillary agreements for HOODZ Businesses, which may include a different Royalty and/or Territory. You further promise to sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, shareholders, officers, directors, employees, agents, successors, and assigns. Such requirement to sign a general release is subject to change in our sole discretion.

Notwithstanding any provision to the contrary, at our request, you will promise to upgrade and remodel the Business at your sole expense to conform to the then-current HOODZ System Standards (the completion of such upgrades shall be a condition of you receiving such Renewal Term). Further, you must submit proof to us that you have the right to operate the HOODZ Business at the Office Site for the Renewal Term.

## **D. RENEWAL FEE.**

You shall pay us a renewal fee of 10% of the then current Initial Franchise Fee upon execution of our then-current franchise agreement for the Renewal Term.

## **12. TERMINATION OF AGREEMENT.**

### **A. AUTOMATIC TERMINATION WITHOUT NOTICE.**

This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

1. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy



- or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the HOODZ Business;
2. If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the HOODZ Business without your consent, and the appointment is not vacated within 60 days; or
  3. You attempt to make an unauthorized transfer of this Agreement or the Franchised Business in violation of any of the transfer provisions contained in Section 10 of this Agreement.

**B. AUTOMATIC TERMINATION WITH NOTICE.**

We have the right to terminate this Agreement, immediately, and without the opportunity to cure, effective upon delivery of written notice to you, for any of the following:

1. your Managing Owner and, if applicable, Designated General Manager, fail to attend or successfully complete the Business Manager and Technical Operations Training within four (4) months of signing this Agreement and/or fulfill all the pre-training requirements, which include the payment of all monies due to us, and the completion of all the required tasks as designated in the HOODZ System Standards;
2. you fail to commence operation of the Business within four (4) months of signing this Agreement and/or two (2) months following your successful completion of the Training Program;
3. you have made or make any material misrepresentation or omission in purchasing the Franchise or operating the Business;
4. you receive from us three (3) or more notices to cure the same or similar defaults or violations of this Agreement, within any five (5)-year period of time, regardless of whether these defaults were cured after notice was sent to you;
5. you are or have been convicted by a trial court of, or plead no contest to a felony or any conviction rising to the equivalent of a felony and/or failure to disclose a prior felony conviction or conviction rising to the equivalent of a felony to us;
6. you understate your Royalty by three percent (3%) or more, in any reported financial statement, on three (3) or more occasions, during any consecutive five (5)-year time frame during the term of this Agreement, regardless of whether or not you subsequently rectify the deficiency;
7. you engage in any dishonest or unethical conduct, which may adversely affect the reputation of the Franchised Business, or the general goodwill associated with the Marks;

8. you violate any covenant of confidentiality or non-disclosure provision contained in Section 6 and 13 of this Agreement;
9. you cease to continuously and actively operate the Business for five (5) consecutive days, unless caused by an act of God, or other circumstance beyond your control, as determined by us; or the Business telephone is disconnected at any time and no new number is immediately reinstalled or reconnected; or your conduct is otherwise determined by us to constitute an abandonment of the Business;
10. you fail to acquire or continuously maintain the required minimum levels of insurance, fail to have us named as an additional insured, or fail to provide a current certificate of insurance to us as required in Section 7.C. However, we will not exercise our right to terminate this Agreement if upon receipt of notice from us you immediately cease operating the Franchised Business and obtain such insurance within ten (10) days after written notice is delivered to you prior to resuming operation;
11. you fail to attend any HOODZ Convention without our prior written permission;
12. your Managing Owner or, if applicable, your Designated General Manager, fail to attend, or send a representative in their place, to a minimum of one (1) training course or regional meeting per two (2) calendar years, provided that at least two (2) of the above named events have been offered during that time period;
13. your failure to employ and train a Service Technician within four (4) months of signing this Agreement;
14. any other franchise agreement or other agreement you or your owner(s) or affiliates have with us, or any franchise agreement you or your owner(s) or affiliates have with HOODZ International, LLC is terminated for any reason;
15. you commit three (3) or more defaults of this Agreement in any 12-month period;
16. you or your principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any such agreement, or any lease for the Office Site, and fail to cure such breach within any permitted period for cure;
17. you or your principals materially violate any provision hereof pertaining to the Marks or Confidential Information or misuse the Marks or Confidential Information;
18. you violate any safety or sanitation law, ordinance or regulation or operate the HOODZ Business in a manner that presents a health or safety hazard to Customers, or the general public;
19. you violate the in-term restrictive covenant contained in Section 6;

20. a levy of writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which is not released or bonded against within 30 days;
21. you or any of your principals become insolvent;
22. you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier;
23. you misuse or make unauthorized use of any Required Software or HOODZ Software that we may develop for use in connection with the System;
24. you fail to comply with the provisions of Section 15.S;
25. you take for your own personal use any assets or property of the HOODZ Business, including employee taxes, FICA, insurance or benefits; or
26. there are insufficient funds in your bank account to cover a check or EFT payment to us three (3) or more times within any 12-month period or you fail to achieve minimum sales for three (2) consecutive months.

**C. TERMINATION IF NOT CURED WITHIN FIFTEEN DAYS.**

We have the right to terminate this Agreement if any of the following defaults remains uncured after your receipt of a default notice from us and expiration of a 15-day cure period:

1. you fail to make payment of any amounts due to us, or funds are not available in your account for debiting when they are due, or you do not record in the HOODZ Software funds paid to you for jobs completed within 48 hours of their receipt, or if you default on any loan made to you by us or our preferred lender for the purchase of the Territory;
2. you fail to have in your employ for a period of two (2) consecutive months (a) at least one (1) Service Technician or (b) a Designated General Manager, if you are required to have one;
3. you fail, for a period of 15 days after notification of non-compliance by the appropriate authority, to comply with any federal, state or local, law, regulation or ordinance applicable to the operation of the Business;
4. you fail to comply with modifications to HOODZ System Standards within the required time period;
5. you fail to make payments on the vehicle resulting in repossession and you do not have a vehicle, which meets our standards to operate the Business;
6. you fail to receive our prior written approval and use products or materials that do not meet our System Standards and/or do not promptly discontinue use after written notice from us;
7. you fail to timely provide us with any report, statement, or return required by this Agreement;

8. you fail to service all Customers in a manner consistent with our System Standards and reputation and you fail to cure such inconsistency;
9. you advertise, market, solicit or service a Customer who is located in the territory of another franchisee or HOODZ Affiliate without consent;
10. you fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you;
11. you fail to maintain the prescribed months, days or hours of operation at the HOODZ Business;
12. you fail, in our sole discretion, to personally supervise day-to-day operation of the HOODZ Business or fail to employ a sufficient number of qualified, competent personnel as we require from time to time;
13. you fail to maintain the strict quality controls reasonably required by this Agreement and/or the HOODZ System Standards;
14. you conduct yourself in a manner that, although not criminal, reflects adversely on the System, the Marks, or the products offered through the System; or
15. you fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your HOODZ Business.

We also have the right to terminate this Agreement after providing notice and a 30 day cure period if you fail to perform or comply with any one or more of the terms or conditions of this Agreement or the HOODZ System Standards not specifically contained in Section 12.A above; including, without limitation, any warranty, or certification of this Agreement, and any other provision in the HOODZ System Standards, or if you breach any other agreement you have with us.

In addition to our right to terminate this Agreement, and not in lieu of such right, or any other rights, we may have against you, upon a failure to cure any default within the applicable time period (if any), we have the right, but not the obligation, to enter upon the HOODZ Business premises and exercise complete authority with respect to the operation of the HOODZ Business until such time as we determine, in our sole discretion that the default has been cured, and you are otherwise in compliance with this Agreement. In the event we exercise the rights described in this Section, you must pay us a reasonable management fee and reimburse us for all reasonable costs and overhead, if any, incurred in connection with our operation of your HOODZ Business including, without limitations, costs of personnel for supervising and staffing the HOODZ Business and their travel and lodging accommodations, plus a 20% service charge. This fee is in addition to the payment of the Royalty and all other fees due under this Agreement during the time we exercise our rights under this Agreement. If we undertake to operate the HOODZ Business pursuant to this Section, you agree to indemnify and hold us (and our representative(s) and employees) harmless from and against any fines, claims, suits or proceedings that may arise out of our operation of the HOODZ Business.

Our delay in exercising or failing to exercise any right or remedy under this Agreement or our acceptance of any late or partial payment due hereunder will not constitute a waiver of any of our rights or remedies against you.

## **D. LIQUIDATED DAMAGES**

If this Franchise Agreement is terminated pursuant to this Section 12, then you shall pay to us, within thirty (30) days following the date of such terminated, as liquidated damages, because actual damages incurred by us will be difficult or impossible to ascertain, and not as a penalty, an amount equal to the sum of the Royalty fees owed during the immediately preceding 36 full calendar months (or such shorter period as equals the unexpired Term at the date of termination, without regard to any express right to terminate prior to the expiration of the Term); provided, however, if the HOODZ Business has been open for fewer than 36 months, then the average monthly Royalty fees owed since the date the HOODZ Business opened multiplied by 36, plus any applicable taxes assessed on such payment.

## **13. POST TERMINATION OBLIGATIONS.**

### **A. PAYMENT OF AMOUNTS OWED TO US.**

You promise to pay to us, on the effective date of termination or expiration of this Agreement, or at any later date that the amounts due to us are determined:

1. all Royalties, Late Report Fees, Late Payment Fees, any promissory note balance(s), NSF Fees for product purchases from us and any other fees, amounts or interest owed to us; and
2. upon termination for any default, the actual and consequential damages, costs, and expenses (including reasonable attorneys' and experts' fees) incurred by us as a result of your default.

The obligation to pay said sums will create a lien in favor of us against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory of the HOODZ Business and/or against any moneys we hold or otherwise come to our possession.

Any transferee (or purchaser of all or substantially all of the assets of the Franchised Business) shall be liable for payment of these items if you do not timely pay them; provided, however, the foregoing sentence will not release or discharge you from your obligations to pay us according to this Section and/or to indemnify or reimburse the transferee or purchaser according to the applicable purchase or transfer agreement.

### **B. MARKS.**

Upon the termination or expiration of this Agreement, you promise to:

1. strictly comply with, observe, and abide by all of the post-termination provisions of this Agreement, including those contained in Sections 5, 6 and 13, and to immediately cease to use the Marks.
2. neither directly nor indirectly represent to the public that any other business you may then own or operate, is or was operated as, or was in any way connected to, the System.
3. not hold yourself out or advertise in any context that you are a present franchisee or were a former franchisee of ours.

4. immediately refrain from engaging in any business relationship with any contacts with Customers or former Customers of the Franchised Business, whether with respect to collection of accounts receivable, providing Services, or for any other purpose whatsoever.
5. assign any and all accounts receivable to us for collection, unless all Royalties and other payment obligations to us are paid in full. In connection with this assignment, you appoint us as attorney-in-fact to engage in these collection activities and you specifically undertake to refrain from engaging in any of these collection activities. We promise to employ good faith efforts, including where appropriate in our sole and exclusive judgment the commencement of legal proceedings to collect the accounts receivable. We have no duty or obligation to you to accomplish the collection of such accounts receivable. We will remit to you any of these sums collected after first deducting all moneys owed to us and our costs of collection.
6. immediately cease operation under this Agreement and not operate or do business under any name or in any manner, which might tend to give the general public the impression that you are operating a HOODZ Franchise, or any confusingly similar business.
7. take the action required to cancel all DBAs or equivalent registrations or fictitious names relating to your use of any Mark.
8. deliver to us, within seven (7) days, all electronic and hard copies of Customer Information including business name, contact name, phone number, location address, and email address.
9. remove all signage from vehicles and store fronts and deliver to us, within five (5) days, the HOODZ System Standards and all copies of the HOODZ System Standards, and all proprietary information, confidential material, proprietary software, signs, sign-faces, marketing and advertising materials, forms, uniform patches, decals (or proof of their removal) and other materials containing any Mark or otherwise identifying or relating to a HOODZ business, and allow us, without liability to you or third parties, to remove all of these items from your vehicles and place of business.
10. notify the telephone company and all telephone directory publishers and internet directory listings (including, Google, Yahoo! and others) of the termination or expiration of your right to use any listing, telephone, telecopy, or other numbers and any other directory listings associated with any Mark, and authorize the transfer of these numbers and directory listings to us or, at our direction, instruct the telephone company to forward all calls made to your telephone number to numbers we specify. You shall also notify all Internet service providers of the termination or expiration of the right to use any Marks or domain names or URLs associated with the Business or the Marks and shall authorize the transfer of the same to us or any new franchisee as may be directed by us. If you fail to do so, we can take whatever action is necessary, on your behalf and consistent with the telephone and other listing agreement attached to this Agreement as Exhibit D, to affect these events.

11. agree to cooperate with us to effectuate any change in domain names, URLs, telephone numbers or other transfers of our property to us, including the signing of any forms, authorizations or other documents necessary.
12. deliver to us, upon our request, an assignment of any real estate leases for property from which the Business was operated.
13. deliver to us, within 30 days, evidence that is satisfactory to us of your compliance with each of the foregoing obligations.

**C. CONFIDENTIAL INFORMATION.**

You promise that, upon termination or expiration of this Agreement, you must immediately cease to use any of our Confidential Information (including any computer software that we have provided or made available to you) in any business or otherwise, return to us all copies of the HOODZ System Standards and other confidential materials that we have loaned to you, and you shall not maintain any copies of any such materials, in whole or part.

**D. COVENANT NOT TO COMPETE.**

For a period of 18 months from the time of expiration or termination of this Agreement, you and your owners and, if applicable, your Designated General Manager, shall not (a) engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity in any business offering commercial cleaning, maintenance and repair including but not limited to commercial kitchen equipment cleaning which includes commercial exhaust hood and/or oven cleaning business, (b) solicit business from Customers of your former HOODZ Business or contact any of our suppliers or vendors for any competitive business purpose, or (c) divert or attempt to divert any business or Customer of the HOODZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System or engage in any business relationship with any contacts with Customers or former Customers of the HOODZ Business, whether with respect to collection of accounts receivable, or to provide them services, or for any other purpose whatsoever, within:

1. the Territory as defined in this Agreement;
2. the geographic area encompassed by the territories of any HOODZ franchisee, HOODZ Company Store, or any other HOODZ business operators, as of the date of the termination or expiration of this Agreement; or
3. a geographic area that is contained in a circle having a radius of 50 miles outward from the outside boundary of the Territory as defined in this Agreement.

**E. CONTINUING AND OTHER OBLIGATIONS.**

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

If, within five (5) days after termination or expiration of this Agreement, you fail to remove all displays of the Marks, we may enter the Business to affect removal. In this event, you agree that you may not file any complaint or action against us for trespass or any other violation or claim, nor

shall we be accountable or required to pay for any displays or materials. You agree that this Agreement shall constitute your complete consent to such entry as described in this Section.

If, within 30 days after termination or expiration you have not taken all steps necessary to amend or terminate any registration, telephone number, email address, domain name, URL, or filing of any business name or DBA or any other registration or filing containing the Marks or any names and marks which are identified or associated with the Marks and System, you hereby irrevocably appoint us as your true and lawful attorney-in-fact for you, and in your name, place and stead and on your behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable us to protect the Marks and System. We may, at our discretion, chose to have your telephone numbers, domain names and/or URLs forwarded or directed to us.

You shall permit us to make final inspection of your financial records, books, and other accounting records within eighteen (18) months of the effective date of termination, expiration, or transfer.

Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which we may have against you, whether such claims or rights arise before or after termination or expiration, including, without limitation, our rights to receive, or collect fees or other amounts payable by you under this Agreement, to enforce the provisions of this Agreement against you, to sue for damages, seek and obtain ex-parte or other injunctive relief, to pursue any other legal or equitable remedy for breach of this Agreement, or otherwise constitute a waiver of any of our other rights upon the occurrence of an event giving rise to our right to terminate. We shall not be obligated following any such termination, expiration or cancellation, to refund any amount previously paid by you under the terms of this Agreement.

You shall, for three (3) years following any termination or expiration of this Agreement, keep us advised of your current business and residential address and telephone numbers, as well as the business address and phone number of its employer and the employer(s) of any of your principal owners.

Upon expiration or termination, you shall allow other us, our affiliates and our franchisees to solicit your employees for employment.

You shall not from adopt or use in connection with, or in the name of, any subsequent business the terms or terms "HOODZ" or "Hoods" or any term confusingly similar to such term or any other term which may have the effect of creating confusion or question regarding affiliation with the System or us.

## **14. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

### **A. INDEPENDENT CONTRACTORS.**

You acknowledge and agree that, under this Agreement, you are and will be an independent contractor of ours. You will not be deemed an employee of ours for any purpose, and no employee of yours will be deemed to be an employee of ours for any purpose, most particularly with respect to any mandated or other insurance coverage, tax, or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. Nothing in this Agreement will be construed so as to create a partnership, joint venture, or agency. It is expressly agreed that the parties intend by this Agreement to establish between us the relationship of franchisor and franchisee. You do not have any power to obligate us for any expenses, liabilities, or other



obligations, other than as is specifically provided for in this Agreement. We will not have the power to hire, fire or train your employees and, except as expressly provided in this Agreement, we may not control or have access to your funds or expenditures, or in any other way exercise dominion or control over the Business.

You promise to identify yourself conspicuously in all dealings with Customers, suppliers, public officials, the HOODZ Business' employees, and others, and in the manner we prescribe, as the owner of the Business under a franchise agreement that we have awarded and to place notices of independent ownership on the forms, business vehicles, stationery, and advertising, and other materials we require you to use.

**B. NO LIABILITY FOR ACTS OF OTHER PARTY.**

Neither you nor we will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between you and us is other than that of franchisor and franchisee. We do not assume any liability, and will not be deemed liable for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Business authorized by this Agreement.

**C. INDEMNIFICATION.**

You promise to protect, defend, and indemnify us, and all of our past, present, and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys, and designees (as earlier defined as, each an "Indemnified Party"), and hold Indemnified Parties harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury, or damage to any person, firm, or corporation, or to any property arising out of, or in connection with, your operation of the Business.

Under no circumstances will we, or any other Indemnified Party, be required to seek recovery from any insurer or other third party, in order to maintain and recover fully a claim against you. You agree that a failure to pursue recovery against others, will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

**D. NO LIABILITY FOR TECHNOLOGY FAILURE.**

We are not liable for any direct, incidental, or consequential damages, including but not limited to, lost profits, lost savings or consequential, punitive or incidental damages for any reason whatsoever, including but not limited to any cause arising out of or in any way connected to a technology related problem, such as high speed internet connection, electronic mail, software, website, computer, phone systems and other electronic equipment, or answering service.

**15. ENFORCEMENT.**

**A. SEVERABILITY.**

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement or the HOODZ System Standards, and any present or future statute, law, ordinance, or regulation, contrary to which the parties have no legal right to contract, the latter will prevail, but if the provisions of this

Agreement, or the HOODZ System Standards thus affected, will be curtailed and limited only if necessary to bring them within the requirements of the law. In the event that any part, article, paragraph, sentence, or clause of this Agreement, or the HOODZ System Standards, will be held to be indefinite, invalid, or otherwise unenforceable, the indefinite, invalid, or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect to the fullest extent permitted by law.

If any covenant in this Agreement which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, prohibited business activity, and/or length of time, but would be enforceable by reducing any part or all of the covenant, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of the covenant.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of termination, or refusal to renew, than this Agreement, the prior notice or other action required by such law or rule will be substituted for the notice requirements of this Agreement. Such modification to this Agreement will be effective only in such jurisdiction and this Agreement will otherwise be enforced as originally made and entered into in all other jurisdictions.

**B. WAIVER OF OBLIGATIONS.**

Either of us may, by written notice, unilaterally waive or reduce any obligation or restriction of the other party under this Agreement. The waiver or reduction may be revoked at any time, for any reason, on ten (10) days' written notice.

**C. FEES AND EXPENSES.**

If you are in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between you and us and/or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of this Agreement, and your claim in such action is denied or the action is dismissed, we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

**D. YOU MAY NOT WITHHOLD PAYMENT TO US/RIGHT TO OFFSET.**

You promise to not withhold payment of any amount due to us on the grounds of our alleged nonperformance or for any other reason. In the event that you are delinquent on any fees or payments to us, we have the right to offset against any payment obligations or sums we may owe to you to satisfy your delinquent payments in full.

**E. RIGHTS OF PARTIES ARE CUMULATIVE.**

Your and our rights are cumulative and no exercise or enforcement by either of us of any right or remedy in this Agreement will preclude the exercise or enforcement by that party of any other right or remedy to which it is entitled by law.

## **F. DISPUTE RESOLUTION PROCEDURES.**

1. Internal Dispute Resolution. You must first bring any claim or dispute you have with us and our shareholders, officers, directors, agents and employees to our President, after providing notice as set forth in Section 15.F.5. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
  
2. Mediation. At our option, all claims or disputes between us, our shareholders, officers, directors, agents and employees and you, arising out of, or in any way relating to, this Agreement or any other agreement by and between you and us or our affiliates, or any of the parties' respective rights and obligations arising from this Agreement, or the operation of the Franchised Business, which are not first resolved through the internal dispute resolution procedure set forth in Section 15.F.1 above, must be submitted first to non-binding mediation in Ann Arbor, Michigan under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our shareholders, officers, directors, agents and employees with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of 30 days following receipt of such notice within which to notify you as to whether we or our affiliates elects to exercise our option to submit such claim or dispute to mediation. You may not commence any action against us, our shareholders, officers, directors, agents and employees or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our option to submit such claim or dispute to mediation, or such 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 a written declaration by us. We may specifically enforce our rights to mediation. Each party shall bear its own cost of mediation and you and we shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.
  
3. We shall not be required to first attempt to mediate a controversy, dispute, or claim as set forth in this Section if such controversy, dispute, or claim concerns an allegation that you have violated (or threaten to violate, or pose an imminent risk of violating):
  - a. Any federally protected intellectual property rights in the Marks, the System, trade secrets, or Confidential Information;
  - b. Any claims pertaining to or arising out of any warranty issue;
  - c. Any of the restrictive covenants contained in this Agreement; or
  - d. Any claims arising out of or related to fraud or misrepresentation by you or your insolvency.

4. Selection of Venue. Nothing contained in this Agreement shall prevent us 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 and protect our interests. The parties expressly agree to the exclusive jurisdiction and venue of any court of general jurisdiction in Washtenaw County, Michigan or the United States District Court for the Eastern District of Michigan. You acknowledge that this Agreement has been entered into in the State of Michigan, and that you are to receive valuable and continuing services emanating from our headquarters in Ann Arbor, Michigan, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of the State of Michigan as set forth above and waive any objection you may have to either the jurisdiction or venue in such court. In the event that you file an action in any forum or jurisdiction in violation of this Section, you shall pay our costs and fees, including our reasonable attorneys' fees, in connection with any efforts to transfer the dispute to the proper forum or jurisdiction.
5. Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, you must notify us within 30 days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
6. Third Party Beneficiaries. Our officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section, each having authority to specifically enforce the right to mediate/litigate claims asserted against such person(s) by you.

#### **G. INJUNCTIVE RELIEF.**

Nothing in this Agreement shall prevent us from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incur as a result of the wrongful issuance.

#### **H. CHOICE OF LAW.**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of Michigan, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Michigan, which laws shall prevail in the event of any conflict of law.

**I. WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTIONS.**

You hereby waive 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 us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, that your 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 shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

THE PARTIES HEREBY 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 WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN YOU, YOUR GUARANTORS AND US OR OUR AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN US AND ANY OTHER THIRD PARTY.

**J. BINDING EFFECT.**

This Agreement is binding upon us and you and will inure to the benefit of the parties identified in the Agreement and their respective executors, administrators, heirs, assigns, and successors in interest and may not be modified, except by a written agreement signed by you and us.

**K. LIMITATIONS OF CLAIMS.**

Except for claims arising from your non-payment or underpayment of amounts you owe us under this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial proceeding is commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim. You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by us, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

**L. CONSTRUCTION AND INTEGRATION.**

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations or inducements, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by

our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms contained in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you according to applicable law.

You agree that no modifications of this Agreement (except those specifically authorized in this Agreement) shall be effective except those in writing and signed by both parties. You acknowledge that you have not received any express or implied representations or warranties regarding the sales, earnings, income, profits, gross revenues, business or financial success, value of the Business, provided by us or our representatives or any other matters pertaining to the franchise from us or any of our officers, employees or agents that were not contained in this Agreement or the franchise disclosure document received by you (“Representations”). You further acknowledge that if you had received any such Representations, you would not have executed this Agreement, and you would have: (i) promptly notified us in writing of the person or persons making such Representations; and (ii) provided to us a specific written statement detailing the Representations made. You acknowledge that we justifiably have relied on your representations made before the execution of this Agreement. Nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Nothing is intended to disclaim the representations made in the franchise disclosure document we provided to you.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right, in our sole discretion, to refuse any request you make or to withhold our approval of any of your proposed initiated or effected actions that require our approval.

The headings of the sections and paragraphs in this Agreement are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs.

References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, will be deemed to include any of our affiliates with whom you deal. The term “affiliate,” as used in this Agreement with respect to you or us, means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. For purposes of this definition, “control” means the power to direct or cause the direction of management and policies.

If two (2) or more persons are the “Franchisee” under this Agreement, their obligation and liability to us will be joint and several.

This Agreement may be signed in multiple copies, each of which will be deemed an original.

#### **M. COMPLIANCE WITH OTHER LAWS.**

You must comply with all national, state, and local laws and regulations that apply. You are solely responsible for investigating and complying with these laws.

#### **N. WAIVERS.**

We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; (b) we do not insist on your strict compliance with the terms of this Agreement; (c) there develops a custom or practice which is at variance with the terms of this Agreement; or (d) we do not demand payments which are otherwise due to us under this Agreement.

Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

**O. EFFECTIVE DATE AND LOCATION OF AGREEMENT.**

This Agreement shall not be effective until accepted by us as evidenced by dating and signing by an officer of us and the place of execution of this Agreement shall be the State of Michigan.

**P. DAYS.**

Unless otherwise specifically stated in this Agreement, the term “days” shall refer to calendar days.

**Q. ADDITIONAL DOCUMENTATION.**

You must from time to time, subsequent to the date first set forth above, at our request and without further consideration, execute and deliver such other documentation or agreement and take such other action as we reasonably may require in order to effectuate the transactions contemplated herein. In the event that you fail to comply with the provisions of this Section, you hereby appoint us as your attorney-in-fact to execute any and all documents on your behalf that are reasonably necessary to effectuate the transactions contemplated herein.

**R. FORCE MAJEURE.**

Neither you nor us or our affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as we deem reasonable.

**S. ANTI-TERRORIST ACTIVITIES.**

You certify that neither you, nor your owners, principals, employees or anyone associated with you are listed in the Annex to Executive Order 13224 (the “Annex”). You agree not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, your owners, principals, employees, or anyone associated with you being listed in the Annex. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, you certify, represent, and warrant that none of your property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that you and your owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities as provided in Section 14.C of this Agreement pertain to your obligations under this Section. Any misrepresentation by you under this Section or any violation of the Anti-Terrorism

Laws by you, your owners, principals or employees will constitute grounds for immediate termination, upon notice, of this Agreement and any other agreement you have entered into with us or one (1) of our affiliates in accordance with the terms of Section 12.B.24 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

## **16. NOTICES AND PAYMENTS.**

Any notice, report, payment, or other communication that is required to be delivered by the provisions of this Agreement, will be in writing and will be deemed to be delivered:

1. at the time of hand delivery;
2. at the time delivered via computer transmission (electronically verified and absent a notice of non-delivery) and, in the case of Royalty and other due fees, at the time we actually debit your account;
3. one (1) business day after transmission by telecopy, facsimile, or other electronic system;
4. one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or
5. five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

All communications are to be addressed to the party to be notified at its most current principal business address. Both you and we agree to immediately notify the other of any change in address. Any required payment or report that we do not actually receive during regular business hours on the date due will be deemed delinquent.

## **17. YOUR AFFIRMATIONS.**

In awarding you this Agreement and HOODZ Business, we are relying upon your statements, as affirmed by your initials to the left of each statement, that:

\_\_\_ \_\_\_ The Managing Owner or, if applicable, the Designated General Manager, shall devote his/her full-time best efforts to the development and management of your Business. At least one (1) Managing Owner or Designated Owner will operate the Franchised Business on a full-time basis.

\_\_\_ \_\_\_ We have not made, nor have you relied on, any representation as to the past or future sales, volume or potential profitability, earnings or income of the Franchised Business, or any other HOODZ business other than the information provided in our franchise disclosure document.



\_\_\_\_ You have had the opportunity, and have been encouraged by us, to independently investigate and analyze both the HOODZ Franchise opportunity and the terms and provisions of this Agreement and franchise disclosure document by utilizing the services of attorneys, accountants, or other advisors as you deem to be necessary.

\_\_\_\_ You are not relying on any representation or statement that we have made, regarding the anticipated income, earnings and growth of us, the System, or the viability of the HOODZ franchise opportunity.

\_\_\_\_ Like any other business, the nature of the business conducted by HOODZ Businesses may, and probably will, evolve over time.

\_\_\_\_ Your abilities and efforts are vital to the success of the Franchised Business.

\_\_\_\_ Continually securing new Customers is necessary to the Business and requires you to make consistent and repeated marketing and advertising efforts through a variety of mediums.

\_\_\_\_ We have certain rights reserved to us to own and operate HOODZ Businesses, to franchise or franchise others to operate HOODZ Businesses, and to otherwise use the System, Marks, know-how, techniques, and procedures, including (without limitation) those expressly included in this Agreement.

\_\_\_\_ We may sell our assets, Marks, or the System, outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations; may undertake a re-financing, re-capitalization, leverage buyout or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, you expressly and agree to provide reasonable closing certificates and other documentation as reasonably requested by us to conclude the transaction, and specifically waive any claims, demands, or damages arising from or related to the loss of said Marks (or any variations of them) and/or the loss of association with or identification of HOODZ International, LLC, as the franchisor of this Agreement.

\_\_\_\_ The covenants not to compete included in this Agreement are fair and reasonable, and will not impose any undue hardship on you, since you have other considerable skills, experience, and education which will afford you the opportunity to derive income from other endeavors.

\_\_\_\_ All information that you have submitted in any and all applications, financial statements, and submissions to us is true, complete, and accurate in all respects, and you expressly acknowledge that we are relying upon the truthfulness, completeness, and accuracy of this information.

\_\_\_\_ This Agreement and our franchise disclosure document have been in your possession for at least 14 calendar days before you signed this Agreement or paid any monies to us or an affiliate and that any material changes to this Agreement were in writing in this Agreement for at least seven (7) calendar days before you signed this Agreement.

\_\_\_\_ Fulfillment of any and all of our obligations written in this Agreement or based on any oral communications that may be ruled to be binding in a court of law will be our sole responsibility and none of our agents, representatives, nor any individuals associated with our franchise company will be personally liable to you for any reason. This is an important part of this Agreement. You agree that nothing that you believe you have been told by us or our representatives

will be binding unless it is written in this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

## **18. REPRESENTATIONS.**

NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT OUR AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF THAT HAVE LED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.

THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR YOUR PAYMENT OF ANY MONIES TO US, REFUNDABLE OR OTHERWISE.

YOU ACKNOWLEDGE THAT WE HAVE RECOMMENDED, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF YOU ARE A PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY WARRANTS TO US, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, OR MANAGER/MEMBER THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION, OR ALL OF THE MANAGERS/MEMBERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY.

**REMAINDER OF PAGE BLANK  
SIGNATURES APPEAR ON FOLLOWING PAGE**

**IN WITNESS WHEREOF**, the parties identified in this document have signed and delivered this Agreement on the date stated on the first page of this document.

FRANCHISOR

FRANCHISEE

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

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

«Name1»

Its: Authorized Representative

Its: Authorized Representative

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

«Name2»

Its: Authorized Representative

OWNERS

\_\_\_\_\_  
«Name1», Individually

\_\_\_\_\_  
«Name2», Individually

**EXHIBIT A**  
**TO THE FRANCHISE AGREEMENT**  
**DESIGNATED PERSONNEL**

The “Managing Owner” referred to in Section 1.C of the Franchise Agreement will be the following person:

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The “Designated General Manager” referred to in Section 1.C of the Franchise Agreement will be the following person (if there is no Designated General Manager, please write “none”):

---

**EXHIBIT B**  
**TO THE FRANCHISE AGREEMENT**  
**INITIAL PACKAGE**

<b>Item:</b>
Logo Wear
Print Marketing Materials
Digital Advertising
Small Tools Package
OVENZ Tools Package
Safety Package
Convention Allowance

A full listing of the equipment included in the packages is provided at the Business Manager & Technical Operations Training.

**EXHIBIT C**  
**TO THE FRANCHISE AGREEMENT**

**FRANCHISE MANAGEMENT SOFTWARE LICENSE AGREEMENT**

Franchisor grants a renewable license (“License”), upon the terms included in this Agreement and subject to all the terms of a Franchise Agreement between Franchisor and Licensee signed concurrently with this Agreement.

Licensee shall, during the term of this Agreement and upon the start of their HOODZ franchised business, pay HOODZ a weekly technology fee for the use of HOODZ’s proprietary software, as defined below, (the “Technology, Licensing and Upgrade Fee”). The amount of this fee may change periodically at the discretion of HOODZ. Failure to make any payment shall result in the immediate termination of this License.

**TERMS AND CONDITIONS**

1. **License Grant:** HOODZ grants to Licensee a renewable License to use the HOODZ Franchise Management Software System (“Product” or “HOODZ Software”), and all subsequent upgrades, on Licensee’s computer. This License does not extend to other parties, even if they use the same computer. HOODZ reserves the right to issue new modules, which may be separately licensed.

2. **Title:** Title to the Product shall remain with HOODZ.

3. **Term:** This License is a quarterly license. It shall automatically renew each quarter and shall remain in effect throughout the term of the Franchise Agreement between HOODZ and Licensee.

4. **Copies and Listings:** The Licensee shall not copy or reverse-engineer the Product in whole or in part, nor shall it permit other parties to do so.

5. **Protection of Product:** Licensee agrees not to make available to any party the Product or any of its parts. Licensee agrees to take appropriate action with its employees and any other parties to obtain assurances of non-disclosure consistent with this Agreement.

Licensee recognizes that the Product is HOODZ copyrighted property, represents a large investment of human and financial resources by HOODZ, is a trade secret of HOODZ, and is confidential information. Licensee agrees to keep the Product, and all related materials, confidential. Licensee will use its best efforts, including any reasonable security precautions as HOODZ may request, to insure that the proprietary rights of HOODZ are preserved to the fullest extent possible under the law. In addition to the right to terminate this Agreement, HOODZ shall be entitled to seek appropriate injunctive relief in the event of any violation of the confidentiality of its copyrighted materials, and to bring an action at law where appropriate.

6. **Assignment and Sub-Licensing:** This License shall not be assigned or sub-licensed by Licensee, except with the prior, specific written consent of HOODZ.

7. **Warranty:** HOODZ warrants that the Product, when delivered to Licensee, shall be free from material defects and shall conform to the program documentation. Licensee acknowledges that the Product is of a complexity that it may have certain defects when delivered.

Licensee agrees that the sole liability of HOODZ shall be to correct program errors in the Product, and not to correct problems due to the hardware upon which the Product is operated, interaction with other non-standard software, or incorrect handling or employment of the Product by Licensee. All warranties extend only to the Licensee.

THE ABOVE WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, STATUTORY OR OTHERWISE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8. **Limitation of Liability; Limitation of Actions:** HOODZ SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO LOST PROFITS FROM ANY CAUSE ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE PRODUCT, NOR FOR ANY CLAIM OR DEMAND BY OR AGAINST LICENSEE. No action arising out of the transactions under this Agreement may be brought by either party more than one (1) year after the cause of action has occurred. Additionally, any cause of action for improper use, transfer, sub-licensing, or disclosure of the Product or materials may be brought within one (1) year of the date when HOODZ shall have actual knowledge the action. In the event HOODZ must institute suit to enforce the terms and conditions of this Agreement, Licensee shall pay reasonable attorneys' fees and costs incurred by HOODZ.

9. **Termination by HOODZ:** The parties agree that any of the following events shall be considered to be a default under the terms of this Agreement, shall entitle HOODZ to terminate this Agreement, and shall authorize HOODZ to immediately terminate Licensee's access to the Product:

- a. Failure to maintain the Franchise Agreement between HOODZ and Licensee in good standing;
- b. Failure to make payments of any kind to HOODZ in full or on time;
- c. Failure to comply with any covenants or agreements in this Agreement;
- d. Licensee's disposing of, licensing, or transferring the Product, other than strictly in accordance with the terms of this Agreement.
- e. Upon termination of this Agreement, Licensee shall immediately deliver to HOODZ all Products, and copies of Products, and related materials in its possession, and shall not maintain any copies of any of these materials, in whole or part, for itself.

10. **Miscellaneous:** In the event that any part of this Agreement shall be found to be unenforceable, these findings shall not invalidate the other parts of this Agreement. This Agreement expresses the entire understanding of the parties with respect to the subject matter within this Agreement, all promises, undertakings, representations, agreements and arrangements with reference to the subject matter of this Agreement. This Agreement shall be construed in accordance with the laws of the State of Michigan, and shall be deemed to have been made in the State of Michigan. This Agreement may not be modified, except by a written agreement signed by HOODZ and Licensee.

FRANCHISOR:

LICENSEE:

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

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

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

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

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

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

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

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



**EXHIBIT D**  
**TO THE FRANCHISE AGREEMENT**  
**TELEPHONE AND OTHER LISTING AGREEMENT**

In accordance with the terms of the franchise agreement (the “Franchise Agreement”) FRANCHISOR and FRANCHISEE signed concurrently with this Agreement, under which FRANCHISOR granted FRANCHISEE the right to own and operate a franchised business (the “Franchised Business”), FRANCHISEE, for value received, hereby agrees with FRANCHISOR that all of FRANCHISEE’S right, title, and interest in and to those certain telephone numbers and regular, classified, or other telephone directory listings, domain names, internet directory listings or rights and/or URLs (collectively, the “Telephone Numbers and Listings”) associated with FRANCHISOR’S trade and service marks and used periodically in connection with the operation of the Franchised Business, shall be promptly transferred to the FRANCHISOR, upon termination or expiration of the Franchise Agreement.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), it is agreed and acknowledged that as between FRANCHISOR and FRANCHISEE, title or interest in the Telephone Numbers and Listings, directly or indirectly, will be assigned to the FRANCHISOR. Further, the FRANCHISEE will not seek to utilize, directly or indirectly, call forwarding messages of any nature, or otherwise seek to take advantage of the goodwill and/or marketing advantage associated with the Telephone Numbers and Listings. It is further agreed and understood, FRANCHISEE will remain liable to the telephone company or other vendor for all past due fees owing to the telephone company or other vendor on or before the effective date of the cancellation hereunder.

FRANCHISEE appoints FRANCHISOR as FRANCHISEE’S true and lawful attorney-in-fact to direct the telephone company or other vendor to assign the Telephone Number and Listings, and sign any necessary documents and take any actions as may be necessary to effectuate the assumption.

The parties further agree that if the telephone company or other vendors requires that the parties sign any change forms or other documentation at the time of transfer, FRANCHISOR’S execution of the forms or documentation will effectuate FRANCHISEE’S consent and agreement to the change. The parties finally agree they will perform these acts and sign and deliver the documents as may be necessary to assist in or accomplish the transfer described in this Agreement, upon termination or expiration of the Franchise Agreement.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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

**EXHIBIT E**  
**TO THE FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION**

**AUTOMATIC DEBIT OF AMOUNT DUE TO FRANCHISOR**

HOODZ International, LLC (“HOODZ”) is hereby authorized to charge the below account, owned by identified Franchisee by way of Automated Clearing House (“ACH”) debit for the amount due HOODZ by Franchisee pursuant to the terms of the Franchise Agreement signed by and between HOODZ and Franchisee, for the week preceding the debit (the “Due Date”). As the amount due HOODZ may vary on each Due Date, HOODZ is authorized to transfer amounts from Franchisee’s Account, which amounts are subject to change, without prior notice to Franchisee.

Franchisee may terminate this authorization by giving not less than three (3) days’ notice to HOODZ International, LLC in writing to HOODZ International, LLC, Attn: Controller at 731 Fairfield Court, Ann Arbor, MI 48108.

Both HOODZ and Franchisee agree to be bound by the operating rules of the National Automated Clearing House Association (“NACHA”).

Franchisee Bank Information

Bank Name	
Bank Address	
Account Name	
ABA Routing Number	
Account Number	

**FRANCHISEE**

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

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

**EXHIBIT F**  
**TO THE FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS**

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

**ARTICLE I**  
**PERSONAL GUARANTY**

The undersigned persons (individually and collectively "you") hereby represent to HOODZ International, LLC ("Franchisor") that you are all of the shareholders of, or all of the general partners of, or all of the members and managers of, or the spouse of any such shareholder, general partner, or member or manager of \_\_\_\_\_ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to the Franchisee as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

**ARTICLE II**  
**CONFIDENTIALITY**

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, operating procedures, customer lists, sources of

supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, the Proprietary Recipes, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your relationship with Franchisee and role as a Guarantor of the Franchise Agreement.

### **ARTICLE III NON-COMPETITION**

- 1) **During the Term of the Franchise Agreement.** During the term of this Franchise Agreement, you shall not:
  - a. Engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering commercial cleaning, maintenance and repair, including but not limited to commercial kitchen equipment cleaning (collectively, a “Competing Business”), that are the same as or similar to the services sold by the HOODZ Business (except for other franchises or authorizations we enter into with you; or
  - b. Use our Confidential Information, System, HOODZ’ owners’ intranet website, Operations Manual, Marks, Customer lists, Customer Information, trade secrets, trade dress, proprietary knowledge, or know-how, or any colorable imitations, in the design, development, or operation of any business other than the HOODZ Business franchised hereunder, unless specifically authorized by us, or;
  - c. Divert or attempt to divert any business or customer of the HOODZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated the Marks or the System.
  
- 2) **After the Term of the Franchise Agreement.** For a period of 18 months from the time of expiration or termination of this Agreement, you and your owners and, if applicable, your Designated General Manager, shall not: (a) engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity at any Competing Business, (b) solicit business from Customers of your former HOODZ Business or contact any of our supplies or vendors for any competitive business purpose, or (d) divert or attempt to divert any business or Customer of the HOODZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System or engage in any business relationship with any contacts with Customers or

former Customers of the HOODZ Business, whether respect to collection of accounts receivable, or to provide them services, or for any other purpose whatever, within:

- a. The Territory defined in the Franchise Agreement;
  - b. The geographic area encompassed by the Territories of any HOODZ franchisees, Company Stores, or any other HOODZ business operator, as of the date of the termination or expiration of the Franchise Agreement; or
  - c. A geographic area that is contained in a circle having a radius of 50 miles outward from the outside boundary of the Territory as defined in the Franchise Agreement.
- 3) **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III will be tolled during any default under this Personal Guaranty.

#### **ARTICLE IV DISPUTE RESOLUTION**

- 1) **Acknowledgment.** You acknowledge that this Personal Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its system.
- 2) **Governing Law.** This Personal Guaranty will be deemed to have been made in and governed by the laws of the State of Michigan (without reference to its conflict of laws principals).
- 3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first will survive the termination or expiration of this Agreement.
- 4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Personal Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties'

respective rights and obligations arising from such agreements must be submitted first to non-binding mediation, in Ann Arbor, Michigan under the auspices of the American Arbitration Association (“AAA”), in accordance with AAA’s Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such 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 a written declaration by Franchisor. Franchisor’s rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and the parties will share the cost of mediator. This agreement to mediate at our option will survive the termination or expiration of the Franchise Agreement.

a) The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section IV if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(1) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(2) Any claims arising out of or pertaining to any warranty issued; or

(3) Any of the restrictive covenants contained in this agreement.

- 5) **Third Party Beneficiaries.** Franchisor’s officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Personal Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.
- 6) **Injunctive Relief.** Nothing contained in this Personal Guaranty will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor’s interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.
- 7) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Washtenaw County, Michigan and the jurisdiction and venue of the United

States District Court presiding over Ann Arbor, Michigan.

- 8) **Jury Trial Waiver.** THE PARTIES HEREBY 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 WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.
- 9) **Waiver of Punitive Damages.** You waive 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) that you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery will be limited to actual damages. If any other term of this Personal Guaranty 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.
- 10) **Limitation on Action.** You agree that no cause of action arising out of or under this Personal Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.
- 11) **Attorneys' Fees.** If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Personal Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.
- 12) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Personal Guaranty will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.
- 13) **Severability.** The parties agree that if any provisions of this Personal Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision



will have the meaning that renders it valid and enforceable. The language of all provisions of this Personal Guaranty will be construed according to fair meaning and not strictly construed against either party. The provisions of this Personal Guaranty are severable, and this Personal Guaranty will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Personal Guaranty will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Personal Guaranty.

- 14) **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Personal Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Personal Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Personal Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.
- 15) **Successors.** References to “Franchisor” or “the undersigned,” or “you” include the respective parties’ successors, assigns or transferees.
- 16) **No Personal Liability.** You agree that fulfillment of any and all of Franchisor’s obligations written in this Personal Guaranty or in the Franchise Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor’s sole responsibility and none of Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company will be personally liable to Franchisee or you for any reason.

**PERSONAL GUARANTOR(S)**

**SPOUSE(S)**

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**Address:**

**Address:**

**Phone Number:**

**Phone Number:**

**Email:**

**Email:**

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**Address:**

**Address:**

**Phone Number:**

**Phone Number:**

**Email:**

**Email:**

**EXHIBIT G  
TO THE FRANCHISE AGREEMENT**

**STATE ADDENDA TO THE FRANCHISE AGREEMENT**

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN CALIFORNIA**

This is an addendum to the Agreement between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, if there is a conflict between the terms of this Addendum and the terms of your Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

### **Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties signing below, it is hereby agreed and understood that the following will supersede and replace Section 13.D of the Franchise Agreement:

#### **13.D. COVENANT NOT TO COMPETE.**

You acknowledge and reaffirm that the HOODZ Customer list developed under your Franchise Agreement, is the sole and exclusive proprietary information of HOODZ International, LLC, and you have no ownership right(s) or any other interest in this Customer list except as a HOODZ franchisee. In the event of any future termination and/or expiration of your franchise agreement with HOODZ International, LLC, you will not retain, in any form, a copy of this Customer list. You further agree not to market to, service or otherwise deal with any Customers on the list for commercial exhaust hoods and/or oven cleaning for a period of 24 months after the termination and/or expiration of your Franchise Agreement.

It is also agreed and understood that if you sell any one (1) or more of your HOODZ franchise businesses, as a condition precedent to our approving your purchaser as a new HOODZ franchisee, you will agree with your purchaser and with us not to compete for 24 months after the sale closing, in the commercial exhaust hood and/or oven cleaning business, within a geographic area extending out from the purchased HOODZ territory boundaries, in every direction, for 50 miles. Provided, however, these non-competition provisions do not create or imply any additional restrictions upon your ownership of other HOODZ franchise business(es) in and around this geographic area.

The terms of this Addendum shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

In all other respects, the terms and conditions contained in your original Franchise Agreement, and any previous addenda to your Franchise Agreement, remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been submitted in writing, and any future promises, commitments or assurances must be in writing and signed by both of us, to be enforceable.

FRANCHISOR

FRANCHISEE]

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

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

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

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

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

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

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

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

**ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN HAWAII**

This is an addendum to the Agreement between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, if there is a conflict between the terms of this Addendum and the terms of your Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties signing below, it is hereby agreed and understood that the following will be added to section 2.A. and 2.B. of the Franchise Agreement:

**1. FEES AND OTHER MONETARY REQUIREMENTS.**

The terms of this Addendum shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

In all other respects, the terms and conditions contained in your original Franchise Agreement, and any previous addenda to your Franchise Agreement, remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing, and any future promises, commitments or assurances must be in writing and signed by both of us, to be enforceable.

FRANCHISOR

FRANCHISEE

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

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

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

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

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

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

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

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

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN ILLINOIS**

This is a Rider to the Agreement, which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, (Ill. Comp. Stat. §§ 705/1 to 705/44), the parties to the HOODZ International, LLC Franchise Agreement (the “Agreement”) agree as follows:

### **1. Background.**

We and you are parties to that certain Agreement that has been executed on the Effective Date concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for franchise you will operate under the Agreement was made in the State of Illinois and you will operate the Franchise in the State of Illinois and/or (b) you are a resident of the State of Illinois.

### **2. Intentionally Deleted.**

### **3. Dispute Resolution Procedures.**

Section 15.F. entitled “Dispute Resolution Procedures” is superseded and replaced by the following:

Subject to Section 15.F., you agree that all actions arising under this Agreement, or otherwise, as a result of the relationship between you and us shall be commenced in the state, and in the state or federal court of general jurisdiction, closest to where our principal business address then is located, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction of or venue in such courts. Notwithstanding the foregoing, you agree that we may enforce this Agreement in the courts of the state or states in which you are domiciled or the Franchised Business is located. Except any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of Illinois or requiring the application of the laws of another state is void with respect to any cause of action otherwise enforceable under the Illinois Franchise Disclosure Act

### **4. Choice of Law**

Section 15.H. entitled “Choice of Law” is superseded and replaced by the following”

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 ET SEQ.) or Federal Law, and except for claims arising under the Illinois Franchise Disclosure Act, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of the state where our principal business address is located except that the provisions will not apply unless its jurisdictional requirements are met independently without reference to this section.

**5. Limitations of Claims.**

The following is added to the beginning of Section 15.K. of the Agreement, entitled “Limitations of Claims

“Except for claims arising under the Illinois Franchise Disclosure Act, and...”

**6. Illinois Franchise Disclosure Act.**

The following language is added to Section 15.M. of the Agreement:

15.M. Illinois Franchise Disclosure Act. Section 41 of the 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 law of this state is void. This section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act.

**7. Your Affirmations.**

Section 17 of the Franchise Agreement.

(a) The second affirmation, beginning with the phrase “We have not made” is hereby amended to read as follows:

“We ask that, before you execute this Agreement, you bring to our attention any statements or representations that have been made to you by any of our officers, directors, employees, or agents that are contrary to or inconsistent with the statements made in the HOODZ Franchise Disclosure Document you received or the provisions of this Agreement.”

(b) The ninth affirmation, beginning with the phrase, “As expressly described in Section 15” is hereby amended to read as follows:

“As expressly described in Section 15, certain disputes, controversies, or claims between us will be submitted to Mediation.”

(c) The tenth affirmation, beginning with the phrase, “We may sell our assets,” the following is deleted:

“...you expressly and specifically waive any claims, demands, or damages arising from or related to the loss of said Marks (or any variations of them) and/or the loss of association with or identification of HOODZ International, LLC as the FRANCHISOR of this Agreement.”

**8. Additional Disclosures:**

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

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.

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.

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.



Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Rider.

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

FRANCHISOR

FRANCHISEE

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

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

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

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

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

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

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

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

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN MARYLAND**

The parties to this Rider are FRANCHISOR and FRANCHISEE. The parties to the attached Franchise Agreement (the “Agreement”) agree as follows:

1. Background:

We and you are parties to that certain Agreement dated that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for the HOODZ franchise you will operate under the Agreement was made in the State of Maryland and you will operate the Franchise in the State of Maryland and/or (b) you are a resident of the State of Maryland.

2. Our Obligations:

Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of \$105,150 from The Hartford Fire Insurance Company. A copy of the bond is on file at Maryland’s state authority in the Office of the Attorney General, Securities Division, 200 St. Paul Place Baltimore, Maryland 21202. Also a copy is attached in Exhibit 1 to this Addendum.

3. Expiration of this Agreement:

Under COMAR 02.02.08.16L, the following is added at the end of Sections 10.B.8 11.C., and 12.A. of the Agreement:

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

4. Enforcement:

The following is added at the end of Section 15.F. and 15.K. of the Agreement:

Any limitation of claims provisions shall not act to reduce the three-year statute of limitations afforded a franchisee for bringing a claim 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.

5. Dispute Resolution Procedures:

Under Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, the following is added at the end of Sections 15.F. of the Agreement:

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Acknowledgment:

Under Section 14-226 of the Maryland Franchise Registration and Disclosure Law, The following is added at the end of Section 17 of the Agreement and to the Disclosure Acknowledgment Statement:

The representations, acknowledgements and affirmations in the preceding section are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act. If the franchisee resides within or if the franchised

business will be located within the State of Maryland, Exhibit I, Franchise Disclosure Questionnaire does not apply to and should not be signed by Maryland franchisees.

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. Sections 17 and 18 of the Franchise Agreement: The following Sections of the Franchise Agreement are removed in their entireties, and franchisees who are residents of Maryland or who will operate their franchise in the State of Maryland are not required to answer the following:

Section 17:

\_\_\_ \_\_\_ We have not made, nor have you relied on, any representation as to the past or future sales, volume or potential profitability, earnings or income of the Franchised Business, or any other HOODZ business other than the information provided in our franchise disclosure document.

\_\_\_ \_\_\_ You have had the opportunity, and have been encouraged by us, to independently investigate and analyze both the HOODZ Franchise opportunity and the terms and provisions of this Agreement and franchise disclosure document by utilizing the services of attorneys, accountants, or other advisors as you deem to be necessary.

\_\_\_ \_\_\_ You are not relying on any representation or statement that we have made, regarding the anticipated income, earnings and growth of us, the System, or the viability of the HOODZ franchise opportunity.

\_\_\_ \_\_\_ Like any other business, the nature of the business conducted by HOODZ Businesses may, and probably will, evolve over time.

\_\_\_ \_\_\_ Your abilities and efforts are vital to the success of the Franchised Business.

\_\_\_ \_\_\_ Continually securing new Customers is necessary to the Business and requires you to make consistent and repeated marketing and advertising efforts through a variety of mediums.

\_\_\_ \_\_\_ All information that you have submitted in any and all applications, financial statements, and submissions to us is true, complete, and accurate in all respects, and you expressly acknowledge that we are relying upon the truthfulness, completeness, and accuracy of this information.

\_\_\_ \_\_\_ This Agreement and our franchise disclosure document have been in your possession for at least 14 calendar days before you signed this Agreement or paid any monies to us or an affiliate and that any material changes to this Agreement were in writing in this Agreement for at least seven (7) calendar days before you signed this Agreement.

\_\_\_ \_\_\_ Fulfillment of any and all of our obligations written in this Agreement or based on any oral communications that may be ruled to be binding in a court of law will be our sole responsibility and none of our agents, representatives, nor any individuals associated with our franchise company will be personally liable to you for any reason. This is an important part of

this Agreement. You agree that nothing that you believe you have been told by us or our representatives will be binding unless it is written in this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

Section 18:

YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF THAT HAVE LED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.

THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR YOUR PAYMENT OF ANY MONIES TO US, REFUNDABLE OR OTHERWISE.

YOU ACKNOWLEDGE THAT WE HAVE RECOMMENDED, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addenda to your Franchise Agreement, remain in effect.

FRANCHISOR

FRANCHISEE

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

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

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

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

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

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

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

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

**EXHIBIT 1 TO THE ADDENDUM TO FRANCHISE AGREEMENT FOR USE IN  
MARYLAND**

**Continuation Certificate**

**The Hartford Insurance Group**

Surety - License & Permit

The Hartford Fire Insurance Company, (hereinafter called the Company),  
 hereby continues in force its Bond No. 35BSBFI9159  
 in the sum of One Hundred Five Thousand One Hundred Fifty (\$105,150.00) Dollars  
 on behalf of HOODZ International, LLC a div of Belfor USA Group Inc.  
 185 Oakland Ave, #100, Birmingham, MI 48009  
 in favor of State of Maryland  
 for the (extended) term beginning on June 11, 2022 and ending on June 11, 2023.  
 subject to all the covenants and conditions of said Bond, said Bond and this and all continuations thereof being one  
 continuous contract.

This Continuation is executed upon the express condition that the Company's liability under said Bond  
 and this and all continuations thereof shall not be cumulative and shall in no event exceed the sum of  
 One Hundred Five Thousand One Hundred Fifty (\$105,150.00) Dollars.

IN WITNESS THEREOF, the Company has caused this instrument to be signed by its officers proper  
 for the purpose and its corporate seal to be hereto affixed on March 13, 2022.

Hartford Fire Insurance Company

By:

*Joelle L LaPierre*  
 Joelle L LaPierre, Attorney in Fact



Attest:

*Shelby Wiggins*

# POWER OF ATTORNEY

Direct Inquiries/Claims to:

**THE HARTFORD  
BOND, T-11**

One Hartford Plaza  
Hartford, Connecticut 06155  
[Bond.Claims@thehartford.com](mailto:Bond.Claims@thehartford.com)

call: 888-266-3488 or fax: 860-757-5835

KNOW ALL PERSONS BY THESE PRESENTS THAT:

Agency Name: PERLMAN INSURANCE AGENCY  
Agency Code: 35-356141

- Hartford Fire Insurance Company**, a corporation duly organized under the laws of the State of Connecticut
- Hartford Casualty Insurance Company**, a corporation duly organized under the laws of the State of Indiana
- Hartford Accident and Indemnity Company**, a corporation duly organized under the laws of the State of Connecticut
- Hartford Underwriters Insurance Company**, a corporation duly organized under the laws of the State of Connecticut
- Twin City Fire Insurance Company**, a corporation duly organized under the laws of the State of Indiana
- Hartford Insurance Company of Illinois**, a corporation duly organized under the laws of the State of Illinois
- Hartford Insurance Company of the Midwest**, a corporation duly organized under the laws of the State of Indiana
- Hartford Insurance Company of the Southeast**, a corporation duly organized under the laws of the State of Florida

having their home office in Hartford, Connecticut (hereinafter collectively referred to as the "Companies") do hereby make, constitute and appoint Joelle L LaPierre of Lake Mary, Florida, its true and lawful Attorney-in-Fact, to sign its name as surety(ies) only as delineated above by , and to execute, seal and acknowledge the following bond, undertaking, contract or written instrument:

Bond No. 35BSBFI9159

Naming HOODZ International, LLC a div of Belfor USA Group Inc. as Principal, and State of Maryland as Obligee,

in the amount of See Bond Form(s) on behalf of Company in its business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, and as authorized by a Resolution of the Board of Directors of the Companies on May 23, 2016 the Companies have caused these presents to be signed by its Assistant Vice President and its corporate seals to be hereto affixed, duly attested by its Assistant Secretary. Further, pursuant to Resolution of the Board of Directors of the Companies, the Companies hereby unambiguously affirm that they are and will be bound by any mechanically applied signatures applied to this Power of Attorney.



*Shelby Wiggins*

Shelby Wiggins, Assistant Secretary

*Joelle L. LaPierre*

Joelle L. LaPierre, Assistant Vice President

STATE OF FLORIDA

COUNTY OF SEMINOLE

ss. Lake Mary

On this 20th day of May, 2021, before me personally came Joelle LaPierre, to me known, who being by me duly sworn, did depose and say: that (s)he resides in Seminole County, State of Florida; that (s)he is the Assistant Vice President of the Companies, the corporations described in and which executed the above instrument; that (s)he knows the seals of the said corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed by authority of the Boards of Directors of said corporations and that (s)he signed his/her name thereto by like authority.



*Jessica Ciccone*

Jessica Ciccone  
My Commission HH 122280  
Expires June 20, 2025

I, the undersigned, Assistant Vice President of the Companies, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force effective as of March 13, 2022.

Signed and sealed in Lake Mary, Florida.



*Keith D. Dozois*

Keith D. Dozois, Assistant Vice President

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN MINNESOTA**

This is a Rider to the Franchise Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rule 2860.0100 through 2860.9930, the parties to the attached HOODZ International, LLC. Franchise Agreement (the “Agreement”) agree as follows:

Background. We and you are parties to that certain Franchise Agreement that has been executed concurrently with the execution of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Agreement.

This Rider is being executed because (a) the offer or sale of the franchise for the HOODZ franchise you will operate under the Agreement was made in the State of Minnesota and you will operate the Franchise in the State of Minnesota and/or (b) you are a resident of the State of Minnesota.

Marks. The following language is added at the end of Section 4 of the Agreement:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights, including your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suite or demand regarding the use of the name.

Termination by Franchisor. The following language is added to Section 12.B of the Agreement:

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

Waiver of Punitive Damages and Jury Trial. The following is added to Section 15.I, if the Agreement:

Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.

Limitations of Claims. The following is added to Section 15.K. of the Agreement:

Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three (3) years after the cause of action occurs.

Governing Law/Dispute Resolution Procedures. The following language is added to Section 15.F. and 15.H. of the Agreement:



PURSUANT TO MINN. STAT. 80C.21 AND MINN. RULE 2860.4400J, THESE SECTIONS SHALL NOT IN ANY WAY ABROGATE OR REDUCE YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES 1984, CHAPTER 80C, INCLUDING THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF MINNESOTA.

Agreements/Releases. The following language is added to Section 11.C.:

Provided; however, that such general releases do not apply to the extent prohibited by applicable law with respect to claims which arise under Minn. Rule 2860.4400D.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addenda to your Franchise Agreement, remain in effect.

FRANCHISOR

FRANCHISEE

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

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

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

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

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

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

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

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

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN NEW YORK**

This is a Rider to the Franchise Agreement which is being executed concurrently with this Rider, between the Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the HOODZ Business that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Business in New York.

2. **AGREEMENTS/RELEASES**. Section 11.C. of the Franchise Agreement is amended by adding the following language to the end of the last sentence of the paragraph:

Provided, however, that all rights Franchisee enjoys and any causes of action arising in Franchisee’s 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **TERMINATION OF AGREEMENT BY FRANCHISEE**. Section 12.A. of the Franchise Agreement is amended by adding the following as the last sentence:

Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **TRANSFER BY US** Section 10.A. of the Franchise Agreement is amended by adding the following language at the end:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

5. **DISPUTE RESOLUTION PROCEDURES/CHOICE OF LAW**. Sections 15.F. and 15.H. of the Franchise Agreement are amended by adding the following language:

**HOWEVER, THE GOVERNING CHOICE OF LAW SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON FRANCHISEE BY THE PROVISIONS OF ARTICLE 33 OF THE GENERAL BUSINESS LAW OF THE STATE OF NEW YORK.**

6. BINDING EFFECT. Section 15.J. of the Franchise Agreement is amended by adding the following language:

Modifications to the HOODZ System Standards will not unreasonably affect Franchisee's obligations, including economic requirements, under this Agreement.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addenda to your Franchise Agreement, remain in effect.

FRANCHISOR

FRANCHISEE

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

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

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

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

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

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

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

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

## **ADDENDUM TO FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA**

This is an Amendment to the Franchise Agreement which is being executed concurrently with this Amendment, between Franchisor and Franchisee.

This Amendment pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything, which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. Section 13 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenants not to compete may not be enforceable under North Dakota law.

2. Section 15(H) of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota.

3. Section 15(H) of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

For North Dakota franchisees, North Dakota law shall apply.

4. Section 11(C) of the Franchise Agreement is hereby amended by the addition of the following language that appears therein:

Provisions requiring North Dakota franchisees to sign a general release upon renewal of the franchise agreement is not enforceable in North Dakota.

5. Section 15(K) of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Provisions requiring a franchisee to consent to a limitation of claims within one (1) year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply.

6. Any language imposing liquidated damages upon termination or other termination damages in the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Provisions requiring the franchisee to consent to termination or liquidated damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisee, this provision shall be deleted in its entirety.

7. Section 15(I) of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addenda to your Franchise Agreement, remain in effect.

FRANCHISOR

FRANCHISEE

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

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

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

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

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

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

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

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

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN RHODE ISLAND**

This is a Rider to the Franchise Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 *et seq.*, the Franchise Agreement for HOODZ International, LLC, for use in the State of Rhode Island is amended as follows:

1. The following language is added at the end of Section 15.I. and Section 15.K. of the Agreement:

§19-28.1-21 of the Rhode Island Franchise Investment Act provides that (a) a person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.

2. The following language is added at the end of Section 15.F and Section 15.H. of the Agreement:

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

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addenda to your Franchise Agreement, remain in effect.

FRANCHISOR

FRANCHISEE

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

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

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

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

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

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

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

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

**ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN VIRGINIA**

This is a Rider to the Franchise Agreement which is being executed concurrently with this rider, between Franchisor and Franchisee.

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 grounds for default or termination stated in the franchise 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 undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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



## **WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, DISCLOSURE ACKNOWLEDGEMENT QUESTIONNAIRE, AND RELATED AGREEMENTS**

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 franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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 franchise 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 franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker

about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

FRANCHISOR

FRANCHISEE

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

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

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

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

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

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

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

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

**EXHIBIT H**

**CONVERSION ADDENDUM**

TO THE FRANCHISE AGREEMENT(S) BETWEEN

HOODZ INTERNATIONAL, LLC

AND

\_\_\_\_\_  
**DATED** \_\_\_\_\_

This is an Addendum to the Franchise Agreement(s), which is being signed concurrently with this Addendum, between HOODZ International, LLC, a Delaware Limited Liability Company, with its principal place of business at 731 Fairfield Court, Ann Arbor, Michigan 48108 (referred to in this Addendum as “we,” “us,” “ourselves” and “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ company, whose principal address is \_\_\_\_\_ (referred to in this Addendum as “you,” “your” or “Franchisee”).

Notwithstanding anything to the contrary in the Franchise Agreement(s), in the event of a conflict between the terms of this Addendum and the terms of the Franchise Agreement(s), the terms of this Addendum shall control and supersede the Franchise Agreement(s). Any terms not defined herein shall have the same meanings as in the Franchise Agreement(s) and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement(s) unless stated otherwise.

**WITNESSETH:**

**WHEREAS,** \_\_\_\_\_ (“Converting Company”) is an existing company operating in the State of \_\_\_\_\_, that offers, markets, promotes, advertises, manages and performs cleaning, inspection, maintenance, repairs, and restoration of commercial exhaust hood systems, conveyor ovens, kitchen equipment, facility premises, grease containment, grease filters, grease tanks, and air filters for establishments where food is prepared and/or served at retail locations (the “Business”).

**WHEREAS,** Converting Company wishes to convert its existing business to the HOODZ franchise model, under the following terms and conditions as set forth below.

**NOW, THEREFORE,** for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties signing below, it is hereby agreed and understood as follows:

1. **Initial Franchise Fee.** The following language shall hereby supersede and replace the first paragraph of Section 2.A of the Franchise Agreement(s):

You promise to pay us a total initial fee (the “Initial Franchise Fee”) in the amount of \$\_\_\_\_\_ for a population of up to \_\_\_\_\_ within the Territory, as described in this Section of this Addendum.

2. **Initial Package Fee.** The following language shall hereby supersede and replace the first paragraph of Section 2.B of the Franchise Agreement(s):

The Initial Package Fee is \_\_\_\_\_, plus sales tax.

3. **Conversion Requirements.**

With three (3) months from the date of execution of the Franchise Agreement(s) or Franchisee’s completion of the Initial Training Program, whichever occurs first, Franchisee agrees to complete the following conversion requirements:

**Business Vehicles.** You agree to re-brand all business vehicles utilizing our approved vendors to conform to the HOODZ model appearance standards.

**Global Positioning System.** You agree to purchase and install a global positioning system (“GPS”) device in all service vehicles as required pursuant to Section 7.A of the Franchise Agreement(s).

**Websites.** You agree to transfer all Converting Company websites (the “Websites”) to the HOODZ website or another website we designate. The Websites include but are not limited to the following: \_\_\_\_\_.

**Telephone Numbers.** The telephone number(s) listed below are to be forwarded to the HOODZ call center or a local number that we designate. All advertising for the Business will consist only of the HOODZ number or the local number designated by us.

**Media Accounts.** You agree to transfer all social media accounts utilized by the Converting Company to HOODZ.

\* \* \*

**The terms of this ADDENDUM shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or**

**regulations.** In all other respects, the terms and conditions contained in your original Franchise Agreement(s), and any previous Amendments to your Franchise Agreement(s), remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing.

HOODZ International, LLC, a Delaware Limited Liability Company

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

Its: Authorized Representative

FRANCHISEE: Converting Company

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

Its: Authorized Representative

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

Its: Authorized Representative

OWNER

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

OWNER

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

## EXHIBIT I

### COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

**THIS COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE** (this “Assignment”) is made, entered into and effective on \_\_\_\_\_ (the “Effective Date”) by and between: (i) \_\_\_\_\_ (the “Franchisor”); and (ii) \_\_\_\_\_ (the “Franchisee”).

#### **BACKGROUND INFORMATION**

The Franchisor entered into that certain Franchise Agreement (the “Franchise Agreement”) dated as of \_\_\_\_\_ with the Franchisee, pursuant to which the Franchisee plans to own and operate a \_\_\_\_\_ franchised business (the “Franchised Business”) located at \_\_\_\_\_ (the “Site”). In addition, pursuant to that certain Lease Agreement (the “Lease”), the Franchisee has leased or will lease certain space containing the Franchised Business described therein from \_\_\_\_\_ (the “Lessor”). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

#### **OPERATIVE TERMS**

The Franchisor and the Franchisee agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information set forth above.
2. **Incorporation of Terms:** Terms not otherwise defined in this Assignment have the meanings as defined in the Franchise Agreement.
3. **Indemnification of Franchisor:** Franchisee agrees to indemnify and hold Franchisor and its parents, affiliates, stockholders, directors, officers, principals, franchisees/licensees and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee’s breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.
4. **Conditional Assignment:** Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory, equipment, and supplies located in the Site and the franchise relating to the Franchised Business, and all of the Franchisee’s rights, title and interest in and to the Lease as conditional for the payment of any obligation, liability or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach

of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of the Franchisee's breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination:** Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

6. **Exercise of Remedies:** In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

- a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;
- b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;
- c) to exclude the Franchisee, its agents or employees from the Site;
- d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and

g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of Franchisee defaults under the Lease and fails to cure said default within the applicable cure period (if any).

The parties agree and acknowledge that Franchisor is not required to assume the Lease, take possession of the Site or otherwise exercise of its other rights described in this Assignment. In the event Franchisor elects to exercise its right to assume the Lease and/or take possession of the Site, it will provide written notice to Franchisee in writing and undertake the other necessary actions at issue. Nothing in this Assignment may be construed to impose an affirmative obligation on the part of Franchisor to exercise any of the rights set forth herein.

7. **Power of Attorney**: Franchisee does hereby appoint irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies**: It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies.



Franchisor is not required to exercise any of its rights set forth in Section 6 hereof, but shall have the irrevocable right to do so.

9. **Binding Agreements:** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words “Franchisor” and “Franchisee” when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control.** This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorneys’ Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys’ fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party.

12. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

**IN WITNESS WHEREOF**, the Parties have caused this Assignment to be executed as of the day and year first above written.

**FRANCHISEE**

**FRANCHISOR**

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

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

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

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

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

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

**The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE.**

**LESSOR**

\_\_\_\_\_

**EXHIBIT A-2**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**

**PROMISSORY NOTE**

FOR VALUE RECEIVED, \_\_\_\_\_ and \_\_\_\_\_ (collectively, the “Undersigned”) promises to pay to the order of **HOODZ International, LLC**, a Delaware Limited Liability Company, at 731 Fairfield Court, Ann Arbor, Michigan 48108 (the “Holder”), the principal sum of \$ \_\_\_\_\_ together with interest at a rate of nine percent (9%) for thirty-six (36) months. The principal and interest shall be paid in equal monthly installments as stated in the payment schedule attached to this Promissory Note as Exhibit “1”, which is made a part of this Promissory Note. The first installment shall be due via Electronic Funds Transfer (“EFT”) on the first of the month following the successful completion of the required training, but no longer than 3 months required after signing the under the franchise agreement between Holder and the Undersigned, and thereafter monthly installments will be due via EFT on the first day of each successive month until the principal and interest due under this Promissory Note have been paid in full. PROVIDED, HOWEVER, that the entire principal balance together with all accrued interest thereon shall be due and payable on or before 24 months following the payment of the first installment, anything here in this Agreement to the contrary notwithstanding. HOODZ has the right to collect all payments due at the time of maturity

Monthly installments shall be applied first upon interest and the balance upon principal. This Promissory Note may be prepaid in full at any time without restriction or penalty.

Should any monthly installment not be paid when due, then Holder has the option to either (a) collect a late fee of 5% or \$50, per week, whichever sum is greater, or (b) demand that the whole sum of the remaining principal and interest shall become due immediately and payable without notice or demand provided to the Undersigned. All unpaid amounts owing on this Promissory Note shall immediately become due and payable at the option of Holder without notice or demand upon the occurrence of any of the following events of default: (i) the default of any provision of the Promissory Note; or (ii) the death, dissolution, insolvency (however expressed or indicated) or the filing of a petition in bankruptcy, reorganization or for the adjustment of debts for, by or against the Undersigned; (iii) the sale of substantially all of the Undersigned’s stock or assets; (iv) the Undersigned’s failure to permit Holder to collect amounts via EFT.

The Undersigned hereby waives presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise). In the event that the undersigned should default under this Promissory Note, and legal proceedings are commenced to collect the indebtedness evidenced hereby, the undersigned agrees to pay all costs and expenses, including reasonable attorney fees, incurred in the collection of this Promissory Note.

Should the undersigned transfer or assign their franchise rights to a third party prior to the pay-off of this Promissory Note, said Promissory Note must be paid in full before Holder will approve such transfer or assignment.

The validity, construction, interpretation and enforceability of the terms of this Promissory Note shall be determined and governed by the laws of the State of Michigan.

The Undersigned hereby confirms that the proceeds of this Promissory Note will be used for the business purpose of starting up a HOODZ franchised business.

It is the parties' intent that the provisions of this Promissory Note be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the provisions contained here in this Promissory Note shall not render any other part unenforceable.

Holder's failure to enforce any rights granted to it under this Promissory Note will not constitute a waiver of such rights.

This Promissory Note is binding upon and will insure to the benefit of the parties and their successors, heirs, and assigns.

The persons executing this Note on behalf of the Undersigned acknowledge their authority to do so.

**I HAVE READ THE ABOVE NOTE AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS NOTE IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

As provided in this Franchise Agreement this Promissory Note is personally guaranteed by \_\_\_\_\_.

**HOLDER**

**UNDERSIGNED**

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

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

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

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

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

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

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

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

\_\_\_\_\_  
[NAME], Individually

**EXHIBIT A-3**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**CONFIDENTIALITY/NON-DISCLOSURE AGREEMENT**

With respect to determining the feasibility of whether or not to purchase a HOODZ franchise, HOODZ International, LLC, is prepared to provide you with certain financial, business, marketing, and/or operational information concerning the business operations of HOODZ International, LLC.

We are able to provide you this Information with your explicit understanding and agreement that you recognize and agree that this information is confidential and valuable, and that this information constitutes special and unique proprietary rights and assets of HOODZ International, LLC.

The term “Confidential Information” shall mean and include any and all information disclosed by us to you relating to the HOODZ business and potential trade name and Internet web names, whether copyrighted or patented. Provided; however, Confidential Information shall not include information which:

- A. Is disclosed to you following the date of this Agreement by a third party who is not under an obligation to keep the information confidential;
- B. Is or becomes publicly disclosed through no act or omission of yours; and/or
- C. Information previously known by you prior to contact with HOODZ International, LLC.

In accepting this Confidential Information, you agree that you will not disclose it to any third party or make use of it yourself, in any regard, with the exception that it may be disclosed to an attorney, accountant or business consultant that you utilize as part of your due diligence process, provided you assure they are informed of and comply with all the terms of this Agreement.

You further agree to maintain the confidentiality of any and all Confidential Information that has been provided to you in a manner using at least the same degree of care as the manner used to maintain the confidentiality of your most confidential information.

In the event that you do not purchase a HOODZ business, or upon our request at any time, you agree to return all materials furnished to you or to certify in writing that such information has been destroyed.

You further recognize that breach of this Agreement by you will cause severe and irreparable damage to HOODZ International, LLC, and that HOODZ International, LLC, may pursue all of its rights and remedies after any breach, including specific performance.

Please indicate that you agree to the conditions, as stated above, under which confidential information will be furnished to you by signing a copy of this letter in the space provided below.

**ACKNOWLEDGED:**

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

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

**EXHIBIT A-4**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**GENERAL RELEASE(S)**

**GENERAL RELEASE REQUIRED UPON RENEWAL**

**THIS SETTLEMENT AND RELEASE** (the “Release”) is being made by and between: (i) HOODZ International, LLC (“Franchisor”); (ii) [Franchise Owner Name(s)] (together referred to as the “Franchise Owner(s)”) resident(s) of [State]; and (iii) [Company] (“Franchisee”) and shall be effective as of the date of the last signature below.

**W I T N E S S E T H:**

**WHEREAS**, Franchisor and Franchise Owner(s) entered into a franchise agreement on the [date] (the “Franchise Agreement”) for the operation of a HOODZ business in a defined territory(s) in the state of [State] (the “Business”), which is being renewed;

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between each of the parties, it is agreed and understood as follows:

1. **Franchise Owner(s)** and Franchisor have agreed upon a new renewal franchise agreement, to be executed contemporaneously with this Release, which will replace the Franchise Agreement, thus continuing Franchise Owner(s)’s rights to operate a HOODZ business within the Territory, as defined in the Franchise Agreement in the State of [State].

2. In reliance upon the execution of renewal Franchise Agreements, the parties agree to the following release:

A. Franchise Owner(s) and FRANCHISEE, for themselves and for their employees, agents, heirs, successor and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interest of Franchise Owner(s) and/or Franchisee, hereby releases, acquits, and forever discharges Franchisor, its parents, and its directors, officers, shareholders, employees, agents, legal representatives, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses and suits whatsoever and of every conceivable kind, character, and nature, whether absolute or contingent, and whether known or unknown, which either party may have against the other, by reason of, or arising out of, or in any way related to any acts or omissions of the other party occurring prior to the date of this Release.

B. **[CALIFORNIA ONLY]** Except as set forth here in this Release, Franchisor, Franchise Owner(s) and Franchisee expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California (“Section 1542”), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

- a. “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS RELEASE, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT.”
- b. Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, Franchisor, Franchise Owner(s) and Franchisee expressly acknowledge that this Release is intended to include in its effect without limitation, all claims described in this paragraph which Franchisor, Franchise Owner(s) and/or Franchisee does not know or suspect to exist in its favor at the time of execution hereof, and that this Release contemplates the extinguishment of any such claims.

3. Any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises made by the associated parties or with regard to the interpretation, formation, or breach of this Release, shall be litigated exclusively in the courts of general jurisdiction of Washtenaw County, Michigan or the United States District Court presiding over Ann Arbor, Michigan.

4. Both parties acknowledge and agree that money damages will not be a sufficient remedy for any breach of this provision and that either party shall be entitled to specific performance as a remedy for any such breach. Such remedy shall not be deemed to be the exclusive remedy, but shall be in addition to all other remedies available at law or equity to the party. In the event of any litigation to enforce any of the terms of this Release, the unsuccessful party shall pay the costs and attorneys’ fees of the successful party.

5. Neither this Release nor any provision of this Release can be modified or waived in any way, except by an agreement in writing signed by each of the parties identified in the Agreement, consenting to such modification or waiver.

6. All parties identified in this Release do hereby acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

7. This Release may be signed in two (2) or more counterparts, and will be effective when all the parties and signatories have affixed their signatures to two (2) or more of the

counterparts and they have been delivered as aforesaid, at which time the counterparts together will be deemed one (1) original document.

8. The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

9. This Release contains the entire agreement between the associated parties concerning the resolution of any and all disputes or controversies between or among them.

10. **[MARYLAND ONLY]** This Release may not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

11. **[WASHINGTON ONLY]** This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**IN WITNESS WHEREOF**, the parties have caused this Release to be executed as of the day and year written below.

FRANCHISOR

FRANCHISEE

HOODZ INTERNATIONAL, LLC

[FRANCHISEE ENTITY/NAME]

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

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

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

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

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

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

FRANCHISE OWNER(S)

\_\_\_\_\_  
[Name of Owner], Individually

\_\_\_\_\_  
[Name of Owner], Individually

## GENERAL RELEASE – REQUIRED UPON ASSIGNMENT

**THIS SETTLEMENT AND RELEASE** (the “Release”) is being made by and between: (i) HOODZ International, LLC (“Franchisor”); (ii) [Franchise Owner Name(s)] (together referred to as the “Franchise Owner(s)”) resident(s) of [State]; and (iii) [Company] (“Franchisee”) and shall be effective as of the date of the last signature below.

### **WITNESSETH:**

**WHEREAS**, Franchisor and Franchise Owner(s) entered into a Franchise Agreement on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement(s)”) for the operation of a HOODZ business in a defined territory (the “Territory”) in the state of [State Name(s)], (the “Business”);

**WHEREAS**, Franchisor and Franchise Owner(s) have reached agreement that it is in the best interest of all parties for Franchise Owner(s) to discontinue operations and terminate the Franchise Agreement, upon the terms and conditions specified below;

**NOW THEREFORE**, in consideration of the covenants and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between each of the parties, it is agreed and understood as follows:

1. Effective as of the date last signed below, Franchise Owner(s) hereby transfer, set over and assign to Franchisor all right, title and interest in and to the Franchise Agreement and agrees to abide by and observe all post-termination obligations and covenants not to compete as described in the Franchise Agreement.

2. Franchisor hereby discharges Franchise Owner(s) from any future duties and obligations under the Franchise Agreement, except those continuing duties and obligations specifically included in Paragraph 1 of this Release, or identified as a post-termination obligation or term that survives termination in the Franchise Agreement.

3. The Franchise Owner(s) and Franchisee hereby agree to the following release:

A. Except for the obligations of the parties here contained, Franchise Owner(s) and Franchisee for themselves, and their employees, agents, heirs, successors and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interests of Franchise Owner(s) and/or Franchisee, hereby releases, acquits, and forever discharges Franchisor, its parents, and its directors, officers, members, shareholders, employees, agents, legal representatives, heirs, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses, and suits whatsoever and of every conceivable kind, character and nature, whether absolute or contingent and whether known or unknown, which Franchise Owner(s) and/or Franchisee E has, has had or may ever have against Franchisor, by reason of, or arising out of, or in any way related to any acts or omissions of the other party prior to the date of this Release.



- B. **[CALIFORNIA – for use in CA only]** Except as set forth herein, Franchisor, Franchise Owner(s) and Franchisee expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California (“Section 1542”), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:
- a. “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT.”
  - b. Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, Franchisor, Franchise Owner(s) and Franchisee expressly acknowledge that this Release is intended to include in its effect without limitation, all claims described in this paragraph which Franchisor, Franchise Owner(s) and/or Franchisee does not know or suspect to exist in its favor at the time of execution hereof, and that this Release contemplates the extinguishment of any such claims.

4. Any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises made by the associated parties or with regard to the interpretation, formation, or breach of this Release, shall be litigated exclusively in the courts of general jurisdiction of Washtenaw County, Michigan or the United States District Court presiding over Ann Arbor, Michigan.

5. Neither this Release nor any provision of this Release can be modified or waived in any way, except by an agreement in writing signed by each of the parties, consenting to such modification or waiver.

6. All parties referenced in this Release do hereby acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

7. This Release may be signed in two (2) or more counterparts, and will be effective when all the parties and signatories have affixed their signatures to two (2) or more of the counterparts and they have been delivered as aforesaid, at which time the counterparts together will be deemed one (1) original document.

8. The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

9. This Release contains the entire agreement between the parties involved concerning the resolution of any and all disputes or controversies between or among them.

10. **[MARYLAND – for use in MD only]** This Release may not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

11. **[WASHINGTON ONLY]** This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

12. **[TRANSFERS – WHEN BUYER IS PAYING IN INSTALLMENTS]** FRANCHISE OWNER(S) and Franchisee acknowledge and agree (i) that they negotiated the sale of their franchise to Buyer Company without the assistance, or any other involvement of the Franchisor; (ii) that the purchase price for such sale (the “Purchase Price”) will not be paid in full at closing, but will be paid over a period of time after closing, and (iii) that they are assuming the full risk of nonpayment of the Purchase Price, Franchise Owner(s) and Franchisee further agree that they will not, in any manner, at any time, under any set of circumstances, seek payment of any portion of the Purchase Price from Franchisor, and/or any of its directors, officers, members, shareholders, employees, agents, representatives, heirs, successors or assigns.

IN WITNESS WHEREOF, the parties have caused this Release to be executed as of the day and year written below.

FRANCHISOR  
HOODZ INTERNATIONAL, LLC

FRANCHISEE  
[FRANCHISEE ENTITY/NAME]

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

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

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

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

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

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

FRANCHISE OWNER(S)

\_\_\_\_\_  
[Name of Owner], Individually

\_\_\_\_\_  
[Name of Owner], Individually

**EXHIBIT B**  
**TO FRANCHISE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

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# BFG Holdco, Inc.

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**Consolidated Financial Report  
December 31, 2023**

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## Independent Auditor's Report

To the Board of Directors  
BFG Holdco, Inc.

### **Opinion**

We have audited the consolidated financial statements of BFG Holdco, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2023, 2022, and 2021 and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2023, 2022, and 2021, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022, and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Emphasis of Matters**

As discussed in Note 3 to the consolidated financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 9 to the consolidated financial statements, the Company recognized an impairment loss to its goodwill balance during 2023. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audits of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors  
BFG Holdco, Inc.

In performing audits in accordance with GAAS, we:

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

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

*Plante & Moran, PLLC*

March 22, 2024

## Consolidated Balance Sheet

**December 31, 2023, 2022, and 2021**

	2023	2022	2021
	(As Restated)		
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 3,701	\$ 1,372	\$ 3,467
Restricted cash	781	345	372
Accounts receivable - Net	2,338	3,074	6,331
Inventory (Note 6)	5,683	4,393	2,871
Notes receivable - Current portion net of allowance (Note 7)	639	1,661	3,567
Prepaid expenses and other current assets	625	346	691
Total current assets	13,767	11,191	17,299
<b>Right-of-use Assets - Net</b>	3,098	1,379	2,392
<b>Property and Equipment - Net (Note 8)</b>	2,220	1,701	1,610
<b>Goodwill (Note 9)</b>	10,519	56,056	57,322
<b>Intangible Assets - Net (Note 9)</b>	28,264	32,566	42,516
<b>Other Assets</b>			
Notes receivable - Net of current portion and allowance (Note 7)	1,336	2,747	4,580
Amounts due from related parties (Note 14)	24,688	23,843	16,717
Deferred commissions	871	1,155	1,063
Other noncurrent assets	216	331	459
Total assets	\$ 84,979	\$ 130,969	\$ 143,958
<b>Liabilities and Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 203	\$ 855	\$ 1,046
Operating lease obligation - Current portion (Note 10)	1,002	1,145	1,078
Deferred revenue - Current portion	1,305	2,050	2,532
Accrued and other current liabilities:			
Accrued compensation	1,201	1,256	1,661
Other accrued liabilities	2,251	1,678	1,807
Total current liabilities	5,962	6,984	8,124
<b>Operating Lease Obligation - Net of current portion (Note 10)</b>	2,166	425	1,549
<b>Other Long-term Liabilities</b>			
Deferred revenue - Net of current portion	3,202	4,864	6,664
Deferred tax liabilities (Note 11)	3,266	3,001	5,596
Total liabilities	14,596	15,274	21,933
<b>Stockholders' Equity</b>	70,383	115,695	122,025
Total liabilities and stockholders' equity	\$ 84,979	\$ 130,969	\$ 143,958



## Consolidated Statement of Operations

Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
	(As Restated)		
<b>Net Revenue</b>	\$ 31,072	\$ 33,483	\$ 36,232
<b>Cost of Revenue</b>	9,613	9,055	10,700
<b>Gross Profit</b>	21,459	24,428	25,532
<b>Operating Expenses Before Impairment</b>	20,604	27,789	23,079
<b>Impairment of Goodwill</b>	45,537	1,266	-
<b>Impairment of Intangible Assets</b>	-	4,952	-
<b>Operating (Loss) Income</b>	(44,682)	(9,579)	2,453
<b>Nonoperating Income (Expense)</b>			
Interest income	496	1,112	1,465
Loss on disposal of property and equipment	-	-	(27)
Other income	386	268	269
Total nonoperating income	882	1,380	1,707
<b>(Loss) Income - Before income taxes</b>	(43,800)	(8,199)	4,160
<b>Income Tax Expense (Recovery) (Note 11)</b>	477	(1,869)	1,219
<b>Consolidated Net (Loss) Income</b>	\$ (44,277)	\$ (6,330)	\$ 2,941

## Consolidated Statement of Stockholders' Equity

Years Ended December 31, 2023, 2022, and 2021

	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total
<b>Balance</b> - January 1, 2021	\$ 5	\$ 114,238	\$ 4,841	\$ 119,084
Consolidated net income	-	-	2,941	2,941
<b>Balance</b> - December 31, 2021	5	114,238	7,782	122,025
Consolidated net loss	-	-	(6,330)	(6,330)
<b>Balance</b> - December 31, 2022 - As restated	5	114,238	1,452	115,695
Cumulative effect of change in accounting principle (Note 4)	-	-	(1,035)	(1,035)
Consolidated net loss	-	-	(44,277)	(44,277)
<b>Balance</b> - December 31, 2023	<b>\$ 5</b>	<b>\$ 114,238</b>	<b>\$ (43,860)</b>	<b>\$ 70,383</b>

## Consolidated Statement of Cash Flows

Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
	(As Restated)		
<b>Cash Flows from Operating Activities</b>			
Consolidated net (loss) income	\$ (44,277)	\$ (6,330)	\$ 2,941
Adjustments to reconcile consolidated net (loss) income to net cash from operating activities:			
Depreciation	591	490	443
Amortization of intangible assets	4,380	5,169	5,446
Bad debt expense	627	6,949	2,990
Loss on disposal of property and equipment	-	-	27
Impairment of goodwill	45,537	1,266	-
Impairment of intangible assets	-	4,952	-
Deferred income taxes	265	(2,595)	795
Noncash lease expense	(121)	(44)	100
Changes in operating assets and liabilities that provided (used) cash:			
Accounts receivable	1	(3,560)	(1,288)
Inventory	(1,289)	(1,523)	(218)
Notes receivable	1,506	3,607	2,550
Prepaid expenses and other assets	(166)	473	(167)
Deferred commissions	284	(92)	(461)
Related party	(845)	(7,126)	(9,756)
Accounts payable	(652)	(191)	(212)
Accrued and other liabilities	518	(534)	595
Deferred revenue	(2,407)	(2,282)	(1,250)
Net cash provided by (used in) operating activities	3,952	(1,371)	2,535
<b>Cash Flows from Investing Activities</b>			
Purchase of property and equipment	(1,109)	(581)	(585)
Payments made for patents and trade names	(78)	(170)	(151)
Proceeds from sale of property and equipment	-	-	24
Net cash used in investing activities	(1,187)	(751)	(712)
<b>Net Increase (Decrease) in Cash</b>	2,765	(2,122)	1,823
<b>Cash - Beginning of year</b>	1,717	3,839	2,016
<b>Cash - End of year</b>	\$ 4,482	\$ 1,717	\$ 3,839
<b>Classification of Cash</b>			
Cash	\$ 3,701	\$ 1,372	\$ 3,467
Restricted cash	781	345	372
Total cash	\$ 4,482	\$ 1,717	\$ 3,839
<b>Supplemental Cash Flow Information - Cash paid for taxes</b>	\$ 185	\$ 161	\$ 69
<b>Significant Noncash Transactions</b>			
Leases entered into	\$ 2,731	\$ -	\$ -
Transfer of property and equipment to related parties	-	-	(147)

## Notes to Consolidated Financial Statements

**December 31, 2023, 2022, and 2021****(000s omitted)**

### Note 1 - Nature of Business

BFG Holdco, Inc., with its wholly owned subsidiaries, Chem-Dry, Inc. (Chem-Dry); NHance, Inc. (N-Hance); Delta Disaster Services, LLC d/b/a Delta Restoration Services (DRS); Delta Development Group, LLC (DDG); and Delta Asset Management, LLC (DAM) (together with DRS and DDG, Delta) (collectively, the "Company"), is a wholly owned subsidiary of Belfor USA Group, Inc. BFG Holdco, Inc. was formerly known as HRI Holdings, Inc. until February 13, 2023, when its name was changed to BFG Holdco, Inc. Chem-Dry, Inc. was formerly known as Harris Research, Inc. until February 13, 2023, when its name was changed to Chem-Dry, Inc.

On December 31, 2019, all the outstanding shares of NHance, Inc. were contributed to BFG Holdco, Inc. The transaction qualified as a pooling-of-interests transaction in accordance with accounting principles generally accepted in the United States of America due to common control.

As a result, the consolidated financial statements presented include the activity of NHance, Inc. All of the assets and liabilities have been accounted for at their carryover basis.

A summary of the Company's operations, which are headquartered in Nashville, Tennessee, is as follows:

- Chem-Dry - Markets and services Chem-Dry carpet and upholstery cleaning franchises and provides training, equipment, solutions, and products to its franchisees throughout the United States of America and Canada.
- Delta - Services and trains Delta Restoration Services franchises in the United States of America, which offer commercial and residential property mitigation, remediation, reconstruction, and consulting services, and owns one Delta Restoration Services operation in Colorado. During 2022, Delta ceased operations.
- Devere International, Inc. (Devere), a wholly owned subsidiary of BFG Holdco, Inc. - Sells area franchise rights for specific geographic locations throughout the world (excluding the United States of America) and provides training, equipment, and cleaning supplies to the respective area franchisees.
- Chem-Dry Corporate Services (CDCS), a division of BFG Holdco, Inc. - Secures commercial and insurance work for franchisees in the United States and Canada.
- N-Hance - Markets and services N-Hance wood cleaning, coating, protection, and renewal franchises, including providing training, equipment, and solutions and products to franchise owners in the United States and Canada.

As of December 31, 2023, 2022, and 2021, the Company had the following active franchises throughout the world:

	2023	2022	2021
Chem-Dry carpet upholstery cleaning franchises	1,240	1,388	1,692
Chem-Dry Canada franchises	44	49	60
Devere area franchise rights	22	46	47
N-Hance wood renewal franchises	296	317	383
Delta restoration franchises	-	-	3

### Note 2 - Significant Accounting Policies

#### *Principles of Consolidation*

The accompanying consolidated financial statements reflect the consolidated financial position, operations, stockholders' equity, and cash flows of BFG Holdco, Inc. and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

#### ***Revenue and Cost Recognition***

Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Sales-based taxes are excluded from revenue. Goods and services may be transferred to customers either at a point in time or over time, as discussed below. Of the \$31,072, \$33,483, and \$36,232 of revenue recognized from contracts with customers for the years ended December 31, 2023, 2022, and 2021, revenue recognized over time amounted to \$11,642, \$13,455, and \$14,667, respectively, while the remainder was recognized at a point in time.

#### ***Nature of Promises to Transfer***

The Company's revenue streams are described below:

- **Franchise Rights, Royalties, Monthly Franchise Fees, and Other Support Fees** - The Company sells individual franchises that grant the right to service customers within a defined territory using the franchise name. The initial term of franchise agreements is typically 5 to 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid. Additionally, the Company sells master franchises rights in foreign countries with an initial term of typically 10 years, with an option to renew for a fee or transfer the right. The Company has performance obligations to provide franchisees with the franchise rights to service customers, as well as provide customized software, for which a technology fee is charged. Initial franchise fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement from the date the agreement is entered. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized at the time the transfer occurs. Royalty income and monthly franchise fee income is recognized over the term of the respective franchise agreement as the underlying sales occur. The Company also provides other services for a fee, as outlined in the franchise agreement. The Company has concluded these represent separate single performance obligations. Therefore, revenue is recognized when the support services are performed.
- **Merchandise Revenue** - The Company recognizes revenue from the sale of products, net of sales taxes, when the customer takes ownership of the products sold and assumes the risk of loss. The customer takes ownership and assumes risk of loss at the point of shipping for products other than equipment. Equipment is typically shipped "FOB Destination," and, as such, ownership and risk of loss remain with the Company until the equipment is delivered.

## Notes to Consolidated Financial Statements

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December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

- **Corporate Services** - This includes services in connection with securing residential, commercial, and insurance work for franchisees through CDCS through national account relationships in the United States and Canada. Revenue is recognized at the point in time the franchisee completes the work. The Company is the agent in this relationship and recognizes revenue on a net basis.
- **Mitigation and Construction Contracts** - This includes mitigation and construction projects with both residential customers and insurance companies. Generally, the Company will have one performance obligation per contract. These services are transferred over time using the input method to measure progress. The use of the input method results in the recognition of revenue on the basis of the Company's efforts toward the satisfaction of the performance obligation. The most common input method that the Company uses is contract cost to date, including labor and direct costs relative to the total contract cost expected to be expended in satisfying each performance obligation. Contracts are billed on a time and materials basis using the practical expedient to recognize revenue, as the Company has the right to invoice those amounts. Project change orders are economic factors that affect the nature, amount, timing, and uncertainty of the Company's revenue and cash flows. Change orders often arise when unexpected costs to the existing contract are incurred or the customer wants to extend the scope of the project. These rarely create a separate project performance obligation and are accounted for as a modification to the contract price using the cumulative catch-up adjustment method.

In most cases, control of the Company's contracts transfers to customers when performed by the Company. Some services are provided by subcontractors. Except for CDCS, the Company does not act as an agent (i.e., the Company does not provide a service of arranging for another party to transfer goods or services to the customer).

#### **Significant Payment Terms**

Each contract dictates the timing of billing and payments. Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is entered into and are nonrefundable. Royalties, technology fees, and other support fees are paid on a monthly basis based upon amounts defined within the franchise agreement. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities. Refer to the *Notes Receivable* section for information about financing provided to franchisees. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the consolidated balance sheet. The balance of deferred revenue at January 1, 2021 was \$10,447.

For merchandise revenue and mitigation and construction contracts, billings typically occur monthly; however, there are contracts that may dictate milestone-based billing. For corporate services revenue, billing is handled by either the national account or the Company (CDCS) and occurs when the services have been performed. Payment for goods and services performed by the Company is typically due within 30 days after an invoice is sent to the customer. Progress invoices for services performed over a month or more are typically sent to customers on the last business day of each calendar month. Invoices for services performed over a shorter range of time are typically sent to customers upon completion of the service. In instances where the Company is a subcontractor on the contract, the Company is typically paid when the contractor receives its payment. The Company does not offer discounts if the customer pays some or all of an invoiced amount prior to the due date.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

#### **Determining and Allocating the Transaction Price**

The transaction price of a contract is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Transaction prices do not include amounts collected on behalf of third parties (e.g., sales taxes). For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in underlying contracts and that the agreements will not be canceled, renewed, or modified.

Most of the Company's contracts with customers have fixed transaction prices that are denominated in U.S. dollars and payable in cash; however, certain contracts are priced at the Company's cost plus an agreed-upon margin. The Company's franchise agreements with franchisees have transaction prices that contain fixed and/or variable components. Variable consideration includes royalty revenue, as the transaction price is based on the franchisee's sales. The variable consideration is recognized based on the actual amounts incurred each month.

At the end of each month, the Company updates the estimated transaction prices of contracts having unsatisfied performance obligations. At that time, revenue and related account balances are adjusted to reflect any changes in transaction prices.

#### **Costs to Obtain a Franchise Agreement**

The Company typically incurs commission expenses or third-party broker and referral fees to obtain franchise agreements with franchisees. These charges are related to franchise fee revenue, which is recognized over time. As a result, these charges are capitalized as deferred expenses and are expensed over the term of the respective franchise agreement. For the years ended December 31, 2023, 2022, and 2021, the amounts expensed related to costs to obtain a franchise agreement were approximately \$232, \$237, and \$146, respectively.

#### **Restricted Cash**

Restricted cash represents amounts received from franchisees that are restricted for certain advertising activities.

#### **Accounts Receivable**

Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. The Company collectively evaluates trade receivables to determine the allowance for credit losses. The Company calculates the allowance using an expected loss model that considers the Company's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Company considers unemployment and consumer spending data when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

#### ***Notes Receivable***

Notes receivable are issued upon the sale of a franchise or area franchise rights; in conjunction with the sale of equipment; or, in some cases, to refinance a franchise's overall obligations. Notes receivable are reported at original issue amount plus accrued interest, less principal repaid. Interest is recognized according to the terms of the specific notes. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the notes receivable. The Company collectively evaluates notes receivable to determine the allowance for credit losses. The Company calculates the allowance using an expected loss model that considers the Company's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Company considers unemployment and consumer spending data when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. Notes are considered delinquent if the repayment terms are not met. As of December 31, 2023, \$68 of notes receivable were considered past due.

#### ***Fair Value of Financial Instruments***

Financial instruments consist of accounts receivable, notes receivable, accounts payable, and debt. The carrying amount of accounts receivable, accounts payable, and debt approximates fair value due to either the short maturity or the existence of variable interest rates that approximate prevailing market rates. The fair value of notes receivable is determined as the present value of future contractual cash flows discounted at an interest rate that reflects the risks inherent in those cash flows. The discount rates range from 3.4 percent to 18.0 percent and approximate rates currently observed in publicly traded debt markets for debt of similar terms to individuals with comparable credit risk. As of December 31, 2023, 2022, and 2021, the carrying value of notes receivable approximates fair value.

#### ***Inventory***

Inventory is stated at the lower of cost or net realizable value, with cost determined on the first-in, first-out (FIFO) method.

#### ***Property and Equipment***

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives. The cost of leasehold improvements is depreciated over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

#### ***Goodwill***

The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Goodwill is not amortized but rather is assessed at least on an annual basis for impairment.

During 2023, management determined that the carrying amount of the Company exceeded fair value, which was estimated based on the present value of expected future cash inflows. Accordingly, a goodwill impairment loss of \$45,537 was recognized in 2023, which is included within operating expenses on the consolidated statement of operations. The impairment loss is attributable in part to deteriorating economic conditions impacting the Company, including rising interest rates and the overall cost of accessible debt necessary to fuel investment; furthermore, strategic shifts undertaken by management to improve the overall health of the business, including ongoing efforts to reduce the overall size of its franchise network in order to resolve a host of franchisee-related matters of noncompliance, adversely impacted expected future cash inflows as well. The remaining goodwill was determined not to be impaired, as the carrying value of the remaining company exceeded the fair value.



## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

During 2022, Delta ceased operations, and, as a result, management determined that the carrying amount of Delta exceeded fair value, which was estimated based on the present value of expected future cash inflows. Accordingly, a goodwill impairment loss of \$1,266 was recognized in 2022, specifically related to Delta ceasing operations, which is included within operating expenses on the consolidated statement of operations.

No impairment charge was recognized during the year ended December 31, 2021.

#### ***Intangible Assets***

Intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.

During 2022, the Company determined that, based on estimated future cash flows, the carrying amount of the Delta trade name and franchise agreements exceeded their fair value; accordingly, impairment losses in the amount of \$787 and \$4,165, respectively, were recognized and included in operating expenses. No impairment charge was recognized in 2023 or 2021.

#### ***Other Accrued Liabilities***

Other accrued liabilities are composed of convention accruals, invoice accruals, credit card payables, and other miscellaneous accrued liabilities.

#### ***Advertising Expense***

Advertising expense is charged to income during the year in which it is incurred. Advertising expense for the years ended December 31, 2023, 2022, and 2021 was \$3,027, \$3,806, and \$2,018, respectively.

#### ***Income Taxes***

The Company joins in filing a consolidated federal income tax return with its parent. Current and deferred tax obligations or benefits are allocated to members of the consolidated group as if each were a separate taxpayer.

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting. A valuation allowance is recognized if, based on the weight of the available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. No valuation allowance was recorded at December 31, 2023, 2022, or 2021.

The Company classifies interest and penalties associated with tax liabilities as income taxes in the accompanying financial statements.

#### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

#### *Subsequent Events*

The consolidated financial statements and related disclosures include evaluation of events up through and including March 22, 2024, which is the date the consolidated financial statements were available to be issued.

### Note 3 - Prior Period Adjustment

The accompanying financial statements for 2022 have been restated to correct an error relating to unidentified impairment of the Delta trade name and franchise agreement intangible assets made in 2022. Retained earnings at the beginning of 2023 have been adjusted for the effects of the restatement on 2022.

The following financial statement line items for fiscal year 2022 were affected by the change:

#### Statement of Operations Year Ended December 31, 2022

	As Previously Reported	As Restated	Effect of Change
Net revenue	\$ 33,483	\$ 33,483	\$ -
Cost of revenue	9,055	9,055	-
Gross profit	24,428	24,428	-
Operating expenses (before impairment)	29,842	27,789	(2,053)
Impairment of goodwill	-	1,266	1,266
Impairment of intangible assets	-	4,952	4,952
Operating loss	(5,414)	(9,579)	(4,165)
Total nonoperating income	1,380	1,380	-
Loss - Before income taxes	(4,034)	(8,199)	(4,165)
Income tax recovery	(810)	(1,869)	(1,059)
Net loss	\$ (3,224)	\$ (6,330)	\$ (3,106)

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 3 - Prior Period Adjustment (Continued)

**Balance Sheet  
December 31, 2022**

	As Previously Reported	As Restated	Effect of Change
Total current assets	\$ 11,191	\$ 11,191	\$ -
Right-of-use assets - Net	1,379	1,379	-
Property and equipment - Net	1,701	1,701	-
Goodwill	56,056	56,056	-
Intangible assets - Net	36,731	32,566	(4,165)
Other assets	28,076	28,076	-
	<u>\$ 135,134</u>	<u>\$ 130,969</u>	<u>\$ (4,165)</u>
Current liabilities	\$ 6,984	\$ 6,984	\$ -
Operating lease obligation - Net of current portion	425	425	-
Deferred revenue - Net of current portion	4,864	4,864	-
Deferred tax liabilities	4,060	3,001	(1,059)
	<u>16,333</u>	<u>15,274</u>	<u>(1,059)</u>
Total liabilities	16,333	15,274	(1,059)
Stockholders' equity	118,801	115,695	(3,106)
	<u>118,801</u>	<u>115,695</u>	<u>(3,106)</u>
Total stockholders' equity	118,801	115,695	(3,106)
	<u>\$ 135,134</u>	<u>\$ 130,969</u>	<u>\$ (4,165)</u>
Total liabilities and stockholders' equity	\$ 135,134	\$ 130,969	\$ (4,165)

As a result of the prior period adjustment, retained earnings as of December 31, 2022 decreased from \$4,558, as originally reported, to \$1,452.

### Note 4 - Adoption of New Accounting Pronouncement

As of January 1, 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Company's accounts receivable and notes receivable. The amendments in this ASU reflect an entity's current estimate of all expected credit losses using reasonable and supportable forecasts. The Company adopted the ASU using the modified retrospective method as of January 1, 2023. As a result of the accounting change, retained earnings as of January 1, 2023 decreased from \$1,452 to \$417.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 4 - Adoption of New Accounting Pronouncement (Continued)

The following financial statement line items for fiscal years 2023 were affected by the change in accounting principle:

#### Statement of Operations for the Years Ended

	2023		
	As Computed Under Previous Standard	As Reported Under New Standard	Effect of Change
Net revenue	\$ 31,072	\$ 31,072	\$ -
Cost of revenue	9,613	9,613	-
Gross profit	21,459	21,459	-
Operating expenses before impairment	19,371	20,604	1,233
Impairment of goodwill	45,537	45,537	-
Operating loss	(43,449)	(44,682)	-
Nonoperating Income	882	882	-
Loss - Before income taxes	(42,567)	(43,800)	-
Income tax expense	477	477	-
Consolidated net loss	\$ (43,044)	\$ (44,277)	\$ -

**Notes to Consolidated Financial Statements**

**December 31, 2023, 2022, and 2021**

**(000s omitted)**

**Note 4 - Adoption of New Accounting Pronouncement (Continued)**

**Balance Sheet**

	2023		
	As Computed Under Previous Standard	As Reported Under New Standard	Effect of Change
Cash	\$ 3,701	\$ 3,701	\$ -
Restricted cash	781	781	-
Accounts receivable - Net	2,841	2,338	(503)
Inventory	5,683	5,683	-
Notes receivable - Current portion net of allowance	875	639	(236)
Prepaid expenses and other current assets	625	625	-
Total current assets	14,506	13,767	-
Right-of-use assets - Net	3,098	3,098	-
Property and equipment - Net	2,220	2,220	-
Goodwill	10,519	10,519	-
Intangible assets - Net	28,264	28,264	-
Other assets			
Notes receivable - Net of current portion and allowance	1,830	1,336	(494)
Amounts due from related parties	24,688	24,688	-
Deferred commissions	871	871	-
Other noncurrent assets	216	216	-
Total assets	<u>\$ 86,212</u>	<u>\$ 84,979</u>	<u>\$ (1,233)</u>
Total liabilities	14,596	14,596	-
Stockholders' equity	71,616	70,383	(1,233)
Total liabilities and stockholders' equity	<u>\$ 86,212</u>	<u>\$ 84,979</u>	<u>\$ (1,233)</u>

**Note 5 - Accounts Receivable**

The following is the detail of accounts receivable:

	2023	2022	2021
Trade receivables	\$ 2,880	\$ 5,231	\$ 8,483
Other	431	432	864
Less - Allowance for credit losses	973	2,589	3,016
Net accounts receivable	<u>\$ 2,338</u>	<u>\$ 3,074</u>	<u>\$ 6,331</u>

The activity in the allowance for credit losses is as follows:

	2023
Balance at beginning of period	\$ 2,990
Additions charged to expense	634
Deductions/write-offs	(2,651)
Balance at end of period	<u>\$ 973</u>

## Notes to Consolidated Financial Statements

**December 31, 2023, 2022, and 2021**

**(000s omitted)**

### Note 6 - Inventory

Inventory consists of equipment, cleaning supplies, chemicals, and mixed cleaning solutions. Inventory, net of reserve, at December 31, 2023, 2022, and 2021 consists of the following:

	2023	2022	2021
Raw materials	\$ 1,797	\$ 2,000	\$ 1,156
Finished goods	3,886	2,393	1,715
Total	\$ 5,683	\$ 4,393	\$ 2,871

### Note 7 - Notes Receivable

Notes receivable at December 31, 2023, 2022, and 2021 are as follows:

	2023	2022	2021
Amounts due from the sale of franchises and area franchise rights and refinanced obligations, due in monthly payments, with imputed interest from 3.4 to 18.0 percent, collateralized by the franchise, equipment, and personal guarantees	\$ 3,070	\$ 5,478	\$ 10,334
Amounts due from the sale of equipment to franchisees, due in monthly payments, with imputed interest between 6.5 and 10.0 percent, collateralized by the equipment	20	41	32
Total gross notes receivable	3,090	5,519	10,366
Less allowance for credit losses	(1,115)	(1,112)	(2,219)
Less current portion	1,027	1,972	4,584
Long-term portion	\$ 948	\$ 2,435	\$ 3,563

The activity in the allowance for credit losses is as follows:

	2023
Balance at beginning of period	\$ 1,746
Additions charged to expense	292
Deductions/write-offs	(923)
Balance at end of period	\$ 1,115

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 8 - Property and Equipment

Property and equipment at December 31, 2023, 2022, and 2021 are summarized as follows:

	2023	2022	2021	Depreciable Life - Years
Machinery and equipment	\$ 844	\$ 762	\$ 548	2-10
Vehicles	222	102	100	5
Furniture and fixtures	191	126	114	3-5
Office and computer equipment	1,442	1,253	1,048	3-5
Leasehold improvements	441	431	412	1-7
Construction in progress	1,005	362	260	-
<b>Total cost</b>	<b>4,145</b>	<b>3,036</b>	<b>2,482</b>	
<b>Accumulated depreciation</b>	<b>1,925</b>	<b>1,335</b>	<b>872</b>	
<b>Net property and equipment</b>	<b>\$ 2,220</b>	<b>\$ 1,701</b>	<b>\$ 1,610</b>	

Depreciation expense for the years ended December 31, 2023, 2022, and 2021 was \$591, \$490, and \$443, respectively.

### Note 9 - Intangible Assets and Goodwill

Intangible assets and goodwill of the Company at December 31, 2023, 2022, and 2021 are summarized as follows:

	2023		2022 (As Restated)		2021	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:						
Franchise agreements	\$ 32,215	\$ 11,151	\$ 32,215	\$ 8,684	\$ 37,900	\$ 7,288
Trade names	7,400	3,375	7,503	2,655	8,500	2,104
Patented technology	7,600	4,886	7,650	3,801	7,600	2,714
Internal software	1,818	1,766	1,818	1,745	1,800	1,443
Patents and trademarks	514	105	297	32	297	32
<b>Total amortized intangible assets</b>	<b>\$ 49,547</b>	<b>\$ 21,283</b>	<b>\$ 49,483</b>	<b>\$ 16,917</b>	<b>\$ 56,097</b>	<b>\$ 13,581</b>
<b>Goodwill</b>	<b>\$ 10,519</b>	<b>\$ -</b>	<b>\$ 56,056</b>	<b>\$ -</b>	<b>\$ 57,322</b>	<b>\$ -</b>

Amortization expense for intangible assets totaled \$4,380, \$5,169, and \$5,446 for the years ended December 31, 2023, 2022, and 2021, respectively.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

**Note 9 - Intangible Assets and Goodwill (Continued)**

Estimated amortization expense for intangible assets for the years ending December 31 is as follows:

Years Ending	Amount
2024	\$ 4,377
2025	4,366
2026	3,819
2027	3,272
2028	3,003
Thereafter	<u>9,427</u>
Total	<u>\$ 28,264</u>

**Note 10 - Leases**

The Company is obligated under operating leases primarily for facilities, expiring at various dates through December 2026, taking into consideration lease renewal options and termination provisions. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 3.25 to 8.50 percent. The weighted-average remaining lease term at December 31, 2023 is 38 months. The weighted-average discount rate used at December 31, 2023 is 7.79 percent. Some of the leases require the Company to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was approximately \$1,051, \$1,103, and \$1,176 for the years ended December 31, 2023, 2022, and 2021, respectively. Total cash paid for operating leases, excluding any variable payments, was \$1,172 for the year ended December 31, 2023.

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2024	\$ 1,199
2025	1,213
2026	<u>1,127</u>
Total	3,539
Less amount representing interest	<u>371</u>
Present value of net minimum lease payments	3,168
Less current obligations	<u>1,002</u>
Long-term obligations under operating leases	<u>\$ 2,166</u>



## Notes to Consolidated Financial Statements

**December 31, 2023, 2022, and 2021**

**(000s omitted)**

### Note 10 - Leases (Continued)

The Company subleases certain facilities. As of December 31, 2023, there are no sublease rentals to be received in future periods. Rental income under the sublease was \$385, \$268, and \$269 for the years ended December 31, 2023, 2022, and 2021, respectively.

### Note 11 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations are all attributable to continuing operations and are detailed as follows:

	2023	2022 (As Restated)	2021
Current income tax expense	\$ 212	\$ 726	\$ 424
Deferred income tax expense (recovery)	265	(2,595)	795
Total income tax expense (recovery)	\$ 477	\$ (1,869)	\$ 1,219

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

	2023	2022 (As Restated)	2021
Income tax (recovery) expense, computed at 21 percent of pretax income	\$ (9,416)	\$ (830)	\$ 873
Permanent differences	9,568	-	-
State income tax expense (recovery)	168	(42)	257
Other	157	(997)	89
Total provision for income taxes	\$ 477	\$ (1,869)	\$ 1,219

The details of the net deferred tax liability are as follows:

	2023	2022 (As Restated)	2021
<b>Deferred tax assets:</b>			
Allowance for credit losses	\$ 531	\$ 941	\$ 1,312
Deferred revenue	1,259	1,759	2,365
Notes receivable	52	156	260
Interest limitation carryforward	1,029	872	590
Accrued liabilities	210	231	291
Lease liability	806	399	668
Other	874	882	159
Gross deferred tax assets	4,761	5,240	5,645
<b>Deferred tax liabilities:</b>			
Intangibles	(6,836)	(7,493)	(10,160)
Property and equipment	(244)	(309)	(308)
Prepaid expenses	(159)	(88)	(165)
Right-of-use asset	(788)	(351)	(608)
Gross deferred tax liabilities	(8,027)	(8,241)	(11,241)
Net deferred tax liability	\$ (3,266)	\$ (3,001)	\$ (5,596)

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 12 - Common Stock

Common stock consists of 5,000 authorized shares of \$1 par value stock. As of December 31, 2023, 2022, and 2021, there were 5,000 shares issued and outstanding.

### Note 13 - Contingencies

The Company is party to an agreement with an unrelated financial institution where the Company guarantees a portion of the losses resulting from equipment-related financing arrangements made between the financial institution and certain of the Company's franchisees. In the event of a default by a franchisee, the Company guarantees the financial institution's losses, including proceeds received from the sale of collateralized equipment as follows: 30 percent on equipment and between 30 percent and 100 percent on nonequipment. As of December 31, 2023, 2022, and 2021, the financial institution provided cumulative aggregate financing arrangements for certain of the Company's franchisees totaling approximately \$8,170, \$8,140, and \$8,140, with open financed amounts totaling approximately \$1,577, \$1,774, and \$2,772, respectively. Payments made under this guarantee during the years ended December 31, 2023, 2022, and 2021 were approximately \$0, \$178, and \$18, respectively, and the Company has recorded the estimated present value of this contingent liability as of December 31, 2023, 2022, 2021 of approximately \$13, \$68, and \$230, respectively, which is included in accrued liabilities in the accompanying consolidated balance sheet.

### Note 14 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

#### ***Amounts Due from Related Parties***

At December 31, 2023, 2022, and 2021, the Company had accounts receivable from Belfor USA Group, Inc. totaling \$24,688, \$23,843, and \$16,717, respectively, which relates to amounts advanced for working capital purposes and amounts due for expenses incurred by the Company on behalf of related parties.

#### ***Guarantee***

The Company has guaranteed balances outstanding on the term loan and line of credit issued to Belfor Holdings, Inc. and other entities related through common ownership. In the event of a default by the affiliates, the Company could be obligated to repay the full amount outstanding on these loans. As of December 31, 2023, the affiliates' outstanding borrowings under the loans and the maximum potential future obligation under this guarantee totaled approximately \$1,512,898 and \$1,812,898, respectively. The term loan is payable through November 2030, and the line of credit expires in November 2028. In the event the Company is required to make payments under this guarantee, the Company could seek to recover those amounts from the affiliate; however, the Company does not hold specific recourse or collateral rights in connection with the guarantee.

#### ***Guarantee of Performance***

The Company is listed as the guarantor of performance within the franchise disclosure documents of various franchisors within Belfor Franchise Group, LLC. In the event the Company is required to make payments under this guarantee, the Company could seek to recover those amounts from the affiliate; however, the Company does not hold specific recourse or collateral rights in connection with the guarantee.

## Notes to Consolidated Financial Statements

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**December 31, 2023, 2022, and 2021**

**(000s omitted)**

### **Note 15 - Retirement Plans**

The Company sponsors a 401(k) plan for substantially all employees. The plan provides for the Company to make a required matching contribution. The Company may also make additional discretionary contributions to the plan. Contributions to the plan totaled \$212, \$244, and \$251 for the years ended December 31, 2023, 2022, and 2021, respectively.

## GUARANTEE OF PERFORMANCE

For value received, BFG Holdco, Inc., a Delaware corporation (the "Guarantor"), located at 3310 West End Avenue, Suite 620, Nashville, TN 37203, absolutely and unconditionally guarantees to assume the duties and obligations of Chem-Dry, Inc., NHance, Inc., 1-800 Water Damage International, LLC, Hoodz International, LLC, Ductz International, LLC, Patch Boys International, LLC, Plumberz International, LLC, Packoutz International, LLC, Safer Home Services International, LLC, Cool Binz International, LLC, and JunkCo+ International, LLC, under their franchise registrations in each state where the franchises are registered, and under its Franchise Agreement identified in their Franchise Disclosure Documents issued March 29, 2024, and Redbox+ International, LLC under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Franchise Disclosure Document, issued April 4<sup>th</sup>, 2024 (individually, each, a "Franchisor"), and as the Franchise Agreements may be entered into with all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever occurs first. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding, notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor Executes this guarantee at Nashville, Tennessee, on 3/27/2024, 2024.

Guarantor:

BFG Holdco, Inc.

DocuSigned by:

*Janette Sims*

EABF0062000400...

Janette Sims

Chief Financial Officer

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# Hoodz International, LLC

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**Financial Report**  
**December 31, 2022**

<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
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## **Independent Auditor's Report**

To the Board of Directors  
Hoodz International, LLC

### **Opinion**

We have audited the accompanying financial statements of Hoodz International, LLC (the "Company"), a wholly owned subsidiary of Belfor Franchise Group, LLC (the "Member"), which comprise the balance sheet as of December 31, 2022, 2021, and 2020 and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, 2021, and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

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

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

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

### **Auditor's Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors  
Hoodz International, LLC

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*Plante & Moran, PLLC*

February 22, 2023



December 31, 2022, 2021, and 2020

	2022	2021	2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 151,201	\$ 306,845	\$ 191,814
Accounts receivable:			
Trade	129,679	79,078	133,656
Unbilled	84,908	68,379	76,184
Deferred broker commissions - Current portion (Note 2)	18,000	30,350	-
Notes receivable - Current portion	153,595	186,182	198,156
Prepaid expenses	27,089	22,409	32,398
Total current assets	564,472	693,243	632,208
<b>Property and Equipment - Net (Note 4)</b>	45,095	57,285	84,568
<b>Deferred Broker Commissions - Net of current portion (Note 2)</b>	78,227	129,477	204,832
<b>Other Assets</b>			
Amounts due from related parties (Note 3)	31,336,154	26,146,825	22,201,164
Notes receivable - Net of current portion	98,016	258,204	271,034
Total assets	<b>\$ 32,121,964</b>	<b>\$ 27,285,034</b>	<b>\$ 23,393,806</b>
<b>Liabilities and Member's Equity</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 10,294	\$ 10,060	\$ 32,740
Finance lease obligation - Current portion (Note 5)	-	-	9,274
Deferred revenue - Current portion (Note 2)	176,053	176,716	214,875
Accrued and other current liabilities:			
Accrued compensation	107,649	40,664	69,933
Other accrued liabilities	58,516	81,204	93,298
Total current liabilities	352,512	308,644	420,120
<b>Amount Due to Related Parties (Note 3)</b>	15,730,219	14,212,119	12,936,582
<b>Finance Lease Obligation - Net of current portion (Note 5)</b>	-	-	5,762
<b>Deferred Revenue - Net of current portion (Note 2)</b>	1,052,846	1,103,429	1,018,063
Total liabilities	17,135,577	15,624,192	14,380,527
<b>Member's Equity</b>	14,986,387	11,660,842	9,013,279
Total liabilities and member's equity	<b>\$ 32,121,964</b>	<b>\$ 27,285,034</b>	<b>\$ 23,393,806</b>

**Statement of Operations**

**Years Ended December 31, 2022, 2021, and 2020**

	2022	2021	2020
<b>Revenue</b>			
Royalties	\$ 4,969,110	\$ 4,235,674	\$ 3,819,355
Franchise fees	236,828	283,106	354,281
Other revenue	215,638	208,713	275,949
Total revenue	5,421,576	4,727,493	4,449,585
<b>Operating Expenses</b>			
General and administrative	2,084,840	2,019,692	2,264,785
Selling and marketing	38,273	134,455	40,545
Total operating expenses	2,123,113	2,154,147	2,305,330
<b>Operating Income</b>	3,298,463	2,573,346	2,144,255
<b>Nonoperating Income (Expense)</b>			
Interest income	20,653	26,462	15,752
Gain on sale of property and equipment	6,429	23,206	-
Other income	-	25,000	-
Interest expense	-	(451)	(1,579)
Total nonoperating income	27,082	74,217	14,173
<b>Net Income</b>	<b>\$ 3,325,545</b>	<b>\$ 2,647,563</b>	<b>\$ 2,158,428</b>

**Statement of Member's Equity**

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**Years Ended December 31, 2022, 2021, and 2020**

<b>Balance</b> - January 1, 2020	\$ 6,854,851
Net income	<u>2,158,428</u>
<b>Balance</b> - December 31, 2020	9,013,279
Net income	<u>2,647,563</u>
<b>Balance</b> - December 31, 2021	11,660,842
Net income	<u>3,325,545</u>
<b>Balance</b> - December 31, 2022	<u><u>\$ 14,986,387</u></u>

**Statement of Cash Flows**

**Years Ended December 31, 2022, 2021, and 2020**

	2022	2021	2020
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 3,325,545	\$ 2,647,563	\$ 2,158,428
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	22,615	45,345	62,882
Gain on disposal of property and equipment	(6,429)	(23,206)	-
Bad debt (recovery) expense	-	(1,934)	1,934
Changes in operating assets and liabilities that (used) provided cash:			
Accounts receivable	(67,130)	64,317	(50,302)
Amounts due from related parties	(5,189,329)	(3,945,661)	(3,705,202)
Notes receivable	192,775	24,804	(289,505)
Deferred broker commissions	63,600	45,005	62,343
Prepaid expenses and other assets	(4,680)	9,989	7,945
Accounts payable	234	(22,680)	(20,348)
Accrued and other liabilities	44,297	(41,363)	51,088
Deferred revenue	(51,246)	47,207	303,122
Amounts due to related parties	1,518,100	1,275,537	1,439,588
Net cash (used in) provided by operating activities	(151,648)	124,923	21,973
<b>Cash Flows from Investing Activities</b>			
Purchase of property and equipment	(10,425)	(35,981)	(49,646)
Proceeds from disposition of property and equipment	6,429	41,125	-
Net cash (used in) provided by investing activities	(3,996)	5,144	(49,646)
<b>Cash Flows Used in Financing Activities - Repayment of finance lease obligation</b>	-	(15,036)	(8,058)
<b>Net (Decrease) Increase in Cash</b>	(155,644)	115,031	(35,731)
<b>Cash - Beginning of year</b>	306,845	191,814	227,545
<b>Cash - End of year</b>	<u>\$ 151,201</u>	<u>\$ 306,845</u>	<u>\$ 191,814</u>
<b>Supplemental Cash Flow Information - Cash paid for interest</b>	\$ -	\$ 451	\$ 1,579
<b>Significant Noncash Transactions - Transfer of property and equipment under finance lease to related party in exchange for assumption of finance lease obligation</b>	\$ -	\$ -	\$ (506)

**December 31, 2022, 2021, and 2020**

**Note 1 - Nature of Business**

Hoodz International, LLC (the "Company") is a wholly owned subsidiary of Belfor Franchise Group, LLC (the "Member"), which is a wholly owned subsidiary of Belfor USA Group, Inc. (Belfor). The Company's operations are principally related to the sales and support of franchises for commercial premises cleaning businesses, particularly commercial kitchen equipment cleaning, in the United States.

The Member is also the sole member of Hoodz North America, LLC; Ductz North America, LLC; Ductz International, LLC; 1 800 Water Damage North America, LLC; 1 800 Water Damage International, LLC; Driploc, LLC; A Cure Disaster Services, LLC; Packoutz North America, LLC; Packoutz International, LLC; Plumberz North America, LLC; Plumberz International, LLC; Patch Boys International, LLC; Redbox+ International, LLC; Safer Home Services North America, LLC; Safer Home Services International, LLC; Cool Binz North America, LLC; and Cool Binz International, LLC.

**Note 2 - Significant Accounting Policies**

***Revenue Recognition***

The Company's revenue mainly consists of franchise fees, royalties, and technology fees. The Company sells individual franchises that grant the right to service customers within a defined territory using the franchise name. The initial term of franchise agreements is typically 10 years with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

The Company has performance obligations to provide franchisees with the franchise rights to service customers and provide customized software for which a technology fee is charged. The Company has concluded that these items represent a single performance obligation. Therefore, initial franchise fees for each agreement and technology fees are allocated to each individual franchise and recognized over the term of the respective franchise agreement from the date the agreement is entered into. Technology fees are recorded as other revenue within the statement of operations. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Royalty income is recognized over the term of the respective franchise agreement as the underlying sales occur.

As of January 1, 2020, balances were \$161,472 and \$929,816 for accounts receivable and deferred revenue, respectively.

**Payment Terms**

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is entered into and are nonrefundable. Royalties and technology fees are paid on a weekly basis, based upon a percentage of franchisee gross sales and an amount defined within the franchise agreement, respectively. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities. Refer to the *Notes Receivable* section for information about financing provided to franchisees. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the balance sheet.

**Allocating the Transaction Price**

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

December 31, 2022, 2021, and 2020

**Note 2 - Significant Accounting Policies (Continued)**

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes royalty revenue, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

**Costs to Obtain a Franchise Agreement**

The Company occasionally incurs broker commission expenses paid to third parties to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the commissions are capitalized as deferred broker commissions and are expensed over the term of the respective franchise agreement. Amounts that are expected to be expensed within one year are classified as current deferred broker commissions in the balance sheet. In 2022, 2021, and 2020, the amounts expensed related to costs to obtain a franchise agreement were approximately \$64,000, \$75,000, and \$122,000, respectively.

**Accounts Receivable**

Accounts receivable are stated at net invoice amounts. Accounts receivable and unbilled receivables arise from contracts with franchisees. An allowance for doubtful accounts is established based on a specific assessment of all invoices issued to franchisees that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. An allowance for doubtful accounts in the amount of \$1,934 was recorded at December 31, 2020. No allowance was recorded at December 31, 2022 and 2021.

**Notes Receivable**

During the normal course of business, the Company may provide financing to franchisees in the form of notes.

Notes receivable are reported at original issue amount plus accrued interest, less principal repaid. Interest is recognized according to terms of the specific notes. An allowance for loan losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for loan losses in the period that determination is made. An allowance for loan losses has not been recorded at December 31, 2022, 2021, and 2020.

At December 31, 2022, 2021, and 2020, notes receivable represent various loans bearing interest between 0 percent and 10 percent, including related accrued interest. The notes are generally secured by the related assets or business. Notes receivable generally require monthly payments of principal and interest, due one to three years from the original issuance date. The notes are classified as current or long term on the accompanying balance sheet, depending on their maturity dates.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the individual assets, ranging from two to seven years. Depreciation of leasehold improvements is provided using the straight-line method over the lesser of the useful life of the improvement or the term of the lease. Costs of maintenance and repairs are charged to expense when incurred.

**Advertising Expense**

Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2022, 2021, and 2020 was \$117,073, \$159,482, and \$175,942, respectively.

December 31, 2022, 2021, and 2020

## Note 2 - Significant Accounting Policies (Continued)

### *Income Taxes*

The Company is a single-member limited liability company (LLC) and joins in filing a consolidated federal income tax return with the Member and Belfor. Current and deferred tax obligations or benefits are not allocated to the Company by the Member or Belfor.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### *Subsequent Events*

The financial statements and related disclosures include evaluation of events up through and including February 22, 2023, which is the date the financial statements were available to be issued.

## Note 3 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

The Company's portion of shared expenses is allocated to the Company by parties related through common ownership, including employee payroll costs, certain retirement costs, occupancy costs, and other general and administrative expenses. Expenses that are not allocated to the Company by parties related through common ownership include property taxes, certain retirement contributions, and payroll processing fees. The Company and parties related through common ownership also advance funds to each other for working capital purposes. Amounts due to and from related parties result from these transactions.

### *Amounts Due to and from Related Parties*

As of December 31, 2022, 2021, and 2020, Belfor owed the Company \$31,103,973, \$25,911,462, and \$21,964,527, respectively.

As of December 31, 2022, 2021, and 2020, the Company owed Ductz North America, LLC \$4,426,185, \$4,184,224, and \$4,008,952, respectively.

As of December 31, 2022, 2021, and 2020, the Company owed Hoodz North America, LLC \$3,096,063, \$3,095,587, and \$3,104,385, respectively.

As of December 31, 2022, 2021, and 2020, the Company owed the Member \$7,694,101, \$6,418,253, and \$5,332,048, respectively.

As of December 31, 2022, 2021, and 2020, the Company owed Ductz International, LLC \$513,802, \$513,954, and \$491,065, respectively.

As of December 31, 2022, 2021, and 2020, Driploc, LLC owed the Company \$110,292.

As of December 31, 2022, 2021, and 2020, 1 800 Water Damage International, LLC owed the Company \$50,522, \$54,586, and \$52,715, respectively.

As of December 31, 2022, 2021, and 2020, A Cure Disaster Services, LLC owed the Company \$41,592.

As of December 31, 2022, 2021, and 2020, 1 800 Water Damage North America, LLC owed the Company \$768, \$1,552, and \$4,838, respectively.

December 31, 2022, 2021, and 2020

**Note 3 - Related Party Transactions (Continued)**

As of December 31, 2022, Packoutz International, LLC owed the Company \$28,144, and as of December 31, 2021 and 2020, Packoutz International, LLC owed the Company \$27,200.

As of December 31, 2022, 2021, and 2020, the Company owed Patch Boys International, LLC \$68, \$101, and \$102, respectively.

As of December 31, 2022, 2021, and 2020, Plumberz International, LLC owed the Company \$863 and \$141, and the Company owed Plumberz International, LLC \$30, respectively.

**Guarantee**

The Company has guaranteed balances outstanding on term loans and a line of credit issued to Belfor Holdings, Inc. and other entities related through common ownership. In the event of a default by the affiliates, the Company could be obligated to repay the full amount outstanding on these loans. As of December 31, 2022, the affiliates' outstanding borrowings under the loans and the maximum potential future obligation under this guarantee totaled \$1,256,012,150 and \$1,347,307,310, respectively. The term loan is payable through April 2026, and the line of credit expires in April 2024. In the event the Company is required to make payments under this guarantee, the Company could seek to recover those amounts from the affiliates; however, the Company does not hold specific recourse or collateral rights in connection with the guarantee.

**Note 4 - Property and Equipment**

Property and equipment are summarized as follows:

	2022	2021	2020
Technical equipment	\$ 149,733	\$ 149,733	\$ 127,610
Trucks	148,244	168,891	204,728
Furniture and fixtures	27,540	22,726	16,177
Computer equipment and software	88,381	87,108	258,650
Leasehold improvements	451,760	447,421	441,304
Total cost	865,658	875,879	1,048,469
Accumulated depreciation	820,563	818,594	963,901
Net property and equipment	<u>\$ 45,095</u>	<u>\$ 57,285</u>	<u>\$ 84,568</u>

**Note 5 - Leases**

The Company has an operating lease for the use of building space with the sole member, with a lease term of one year or less. The Company has elected to account for this lease as a short-term lease, and it is excluded as a right-of-use asset and lease liability. Total expense related to the short-term lease was \$163,151, \$129,617, and \$159,397 for December 31, 2022, 2021, and 2020, respectively.

During 2021 and 2020, the Company leased automobiles under long-term lease arrangements that were classified as finance leases. Under the terms of the lease agreements, payments ranging from \$6,035 to \$10,345 were due monthly through July 2022. The right-of-use asset and related lease liability were calculated using a discount rate of 8 percent. During 2021, the leases were terminated.

At December 31, 2020, property under finance leases consists of automobiles with a right-of-use asset of \$35,837, which is included within the trucks line item in Note 4. Accumulated depreciation on the property under finance leases was \$15,430 at December 31, 2020. At December 31, 2022 and 2021, there were no right-of-use assets recorded.

Depreciation expense on property under finance leases is included in the depreciation amount disclosed on the statement of cash flows.



**December 31, 2022, 2021, and 2020**

**Note 5 - Leases (Continued)**

There are no future minimum lease payments under finance leases.

**Note 6 - 401(k) Plan**

The Company participates in the Belfor Group 401(k) plan of Belfor. The employer matching contribution and discretionary match are paid by Belfor. The Company was allocated a portion of the matching contributions by its affiliates in the amount of \$28,587, \$30,155, and \$22,758 for the years ended December 31, 2022, 2021, and 2020, respectively.

## Exhibit C

### TO THE FRANCHISE DISCLOSURE DOCUMENT

#### STATE ADMINISTRATORS

State	State Administrator
CALIFORNIA	Commissioner of Financial Protection and Innovation Division of Corporations 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 217.782.1090
INDIANA	Indiana Secretary of State Securities Division Franchise Section, Room E-111 302 West Washington Street Indianapolis, IN 46204 317.232.6681
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360
MICHIGAN	Michigan Department of Attorney General Division of Securities, Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 517.373.1140
MINNESOTA	Minnesota Department of Commerce Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101 651.296.4026

<b>State</b>	<b>State Administrator</b>
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 212.416.8236
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701.328.4712
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter Street, N.E. #410 Salem, OR 97310 503.378.4387
RHODE ISLAND	Department of Business Regulation Division of Securities 1151 Pontiac Avenue Building 69-1 Cranston, RI 02920 401.222.3048
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 605.773.3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804.371.9051
WASHINGTON	Director of Dept. of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504360.902.8760
WISCONSIN	Wisconsin Securities Commissioner Department of Financial Institutions 201 W. Washington Ave., 3 <sup>rd</sup> Floor P.O. Box 1768 Madison, WI 53703 608.261.9555

## Exhibit D

### TO FRANCHISE DISCLOSURE DOCUMENT

#### AGENTS FOR SERVICE OF PROCESS

<b>State</b>	<b>Agent for Service of Process</b>
CALIFORNIA	Commissioner of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677
HAWAII	Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722
ILLINOIS	Illinois Attorney General 500 South Second Street Springfield, IL 62706 217.782.1090
INDIANA	Indiana Secretary of State Indiana Government Center South, E-111 Indianapolis, IN 46204 317.232.6681
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 670 Law Building Lansing, MI 48913 517.373.7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101 651.296.4026
NEW YORK	New York Department of State 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701.328.4712

<b>State</b>	<b>Agent for Service of Process</b>
OREGON	Director of Oregon Department of Insurance and Finance 350 Winter Street, N.E. #410 Salem, OR 97310 503.378.4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation 1151 Pontiac Avenue Building 69-1 Cranston, RI 02920 401.462.9527
SOUTH DAKOTA	Director of South Dakota Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 605.773.3563
VIRGINIA	Clerk of State Corporation Commission 1300 East Main Street, 9th Floor Richmond, VA 23219 804.371.9051
WASHINGTON	Director of Dept. of Financial Institutions 150 Israel Rd. SW Tumwater, WA 98501 360.902.8760
WISCONSIN	Commissioner of Securities of Wisconsin 201 W. Washington Ave., 3 <sup>rd</sup> Floor Madison, WI 53703 P.O. Box 1768 608.261.9555

## Exhibit E

### TO FRANCHISE DISCLOSURE DOCUMENT

### STATE ADDENDA TO DISCLOSURE DOCUMENT

#### ADDITIONAL DISCLOSURES FOR THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000 – 20043, the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of California, shall be amended to include the following:

The following is added to the Cover Page of this Disclosure Document:

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.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

The cover page of this Disclosure Document is amended to state that the California's Department of Financial Protection and Innovation's toll free number is 866.275.2677.

Franchisor certifies that it has complied with all requirements of California Corporations Code Section 31109.1.

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

Item 6 of the Franchise Disclosure Document is hereby supplemented with the following: "The highest interest rate allowed in California is 10%."

The following paragraphs are added at the end of Item 17 of the Disclosure Document:

1. California Law Regarding Termination and Non-Renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.
2. Non-Competition Covenants. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.
3. Applicable Law. The Franchise Agreement requires application of the laws of the State of Michigan. This provision may not be enforceable under California law.

4. General Release. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).
5. Applicable Law. The Franchise Agreement requires application of the laws and forums of the State of Michigan. This provision may not be enforceable under California law.
6. Litigation. The Franchise Agreement requires that all disputes be litigated in Michigan. This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.
7. Financial Performance Representations. “The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.”
8. Surety Bond. We have secured a surety bond in the amount of \$59,900 from The Hartford Fire Insurance Company (#35BSBIC3542) to ensure fulfillment of all of our obligations to you under the terms of the Franchise Agreement.

OUR WEBSITE [WWW.HOODZINTERNATIONAL.COM](http://WWW.HOODZINTERNATIONAL.COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).

Neither HOODZ, nor 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 such persons from membership in such association or exchange.

#### **ADDITIONAL DISCLOSURES FOR THE STATE OF HAWAII**

The following is added to the Cover Page of this Disclosure Document:

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 DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THE 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.

1. The following is added to the end of Item 5 for the State of Hawaii:

Registered agent in the state authorized to receive service of process: Director of Commerce and Consumer Affairs, Business Registration Division, 1010 Richards Street, Honolulu, HI, 96813

2. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. Sections 482E-, *et. seq.*, the Franchise Disclosure Document of HOODZ International, LLC, in connection with the offer and sale of franchises for use in the State of Hawaii, shall be amended to include the following:
  - a. The following list is hereby added to the end of Item 20 of the Disclosure Document to reflect the status of our franchise registrations in states which have franchise registration and/or disclosure laws:
    - i. The states in which a registration is effective, in which we are relying on an exception, or where an offering has been filed: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
    - ii. The states in which a proposed registration of filing is or will be shortly on file: None
    - iii. The states, if any, which have refused, by order or otherwise, to register these franchises: None.
    - iv. The states, if any, which have revoked or suspended the right to offer these franchises: None
    - v. The states, if any, in which proposed registration of these franchises has been withdrawn: None



## **ADDITIONAL DISCLOSURES FOR THE STATE OF ILLINOIS**

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

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.

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.

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.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 88705/1 et. seq., the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of Illinois, shall be amended to include the following:

The following language is added to the table in Item 17 at the end of the Summary sections of provisions (v) and (w) entitled Choice of Forum and Choice of Law: “subject to state law, and except for any claims arising under the Illinois Franchise Disclosure Act of 1987.” Illinois law will govern the Agreement and all litigation will be commenced in Illinois.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Investment Act of 1987 are met independently without reference to this Addendum to the Disclosure Document.

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

Cover Page. The following is added to the Cover page of this document.

**IT IS IMPORTANT TO NOTE THAT HOODZ INTERNATIONAL, LLC’S LIABILITIES EXCEEDS ITS TANGIBLE ASSETS WHICH MAY ENTAIL ADDITIONAL RISK OF FINANCIAL LOSS.**

## **ADDITIONAL DISCLOSURES FOR THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Code, Title 23, Article 2, Chapter 2.7, Sections 1 -7; amended by Laws of 1985, PL 233, the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of Indiana, shall be amended to include the following:

1. It is unlawful for any Franchise Agreement entered into between any franchisor and a franchisee that is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana, to contain any of the following provisions. The following statements are added at the end of the Franchise Agreement table in Item 17: “Any release required as

a condition of renewal and/or transfer will not apply to any claims that may arise under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.”

2. The Summary section of Item 17(r.) entitled Non-Competition Covenants after the Franchise Terminates or Expires is amended to provide that the provisions contained in the Franchise Agreement and Item 12 of this Disclosure Document are subject to Indiana Code 23-2-2-7-1(9), which prohibits covenants not to compete which extend beyond any exclusive Territory granted to you.
3. Item 17(v) and 17(w) entitled Choice of Forum and Choice of law are amended to provide that Michigan law generally applies except for matters arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.
4. In reference to Section 15.I. of the Franchise Agreement, such waivers constitute a limitation on litigation and therefore violate IC 23-2-2.7-1(10) and may not occur under this provision.
5. In reference to Section 15.K. of the Franchise Agreement, such a limitation of claims may only be barred unless an action is brought more than two years after the violation pursuant to IC 23-2-2.7-7.

Each provision of these Additional Disclosures to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to these Additional Disclosures to the Disclosure Document.

#### **ADDITIONAL DISCLOSURES FOR THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Uniform Franchise in connection with the offer and sale of franchises for use in the State of Maryland, shall be amended to include the following:

Item 5: Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of \$105,150 from The Hartford Fire Insurance Company. A copy of the bond is on file at Maryland’s state authority in the Office of the Attorney General, Securities Division, 200 St. Paul Place Baltimore, Maryland 21202. Also a copy is attached in Exhibit 1 to the Maryland State Addendum to the Franchise Agreement.

Item 15. The following is added to the end of Item 15:

Only the owners of the franchised business need to personally guarantee the HOODZ Business (first paragraph of Franchise Agreements.) Any partners or spouses involved in the HOODZ Business, a designated Managing Owner and/or employee will need to execute non-disclosure and confidentiality agreements that we have approved. (Section 6.C. of the Franchise Agreements). We do not have a standard form, as laws vary between states; however, we do require that such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding the System or the operation of the HOODZ Business, which is deemed confidential or proprietary by us. Such employee non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the customers of your

HOODZ Business, except in their capacities as employees of the HOODZ Business. The agreements to be signed by a partner, spouse, or designated Managing Owner, will also need to include a non-compete agreement, which must comply with your state law. A fully executed copy of each agreement is to be sent to us.

Item 17.C. and 17.M. require a general release as a condition of renewal, sale, and/or transfer. Any such release shall not apply to any liability that falls under the Maryland Franchise Registration and Disclosure Law.

Item 17.U. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought by you within three (3) years after the grant of the Franchise.

Item 17.V., requires that all actions will be commenced in the state, and any court of general jurisdiction in Washtenaw, Michigan, or the United States District Court for the Eastern District of Michigan except for claims arising under the Maryland Franchise Registration and Disclosure Law, which may be commenced by you in Maryland.

Exhibit H of the Franchise Agreement is a Disclosure Acknowledgement Statement. Such representations are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The following is added to the end of the Item 17 chart:

Despite any contradicting provision in the Franchise Agreement, you have three years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

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

## **ADDITIONAL DISCLOSURES FOR THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules 2860.0100 through 2860.9930, the Franchise Disclosure Document in connection with the offer and sale of franchises for use in the State of Minnesota shall be amended to include the following:

Item 13 “Trademarks, Service Marks, Trade Names Logotypes and Commercial Symbols,” is amended by the addition of the following:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights, including your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suite or demand regarding the use of the name.

Item 17 “Renewal, Termination, Transfer, and Dispute Resolution,” is amended by the addition of the following paragraphs:

1. Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.
2. Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three years after the cause of action occurs.
3. Minn. Stat. Sec. 80C, 14 Subds. 3, 4, and 5 requires that, except in certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise cannot be unreasonably withheld.
4. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum, or remedies that the laws of jurisdiction provide.
5. Minn. Rule 2860.4400D. prohibits us from requiring you to assent to a general release.

Each provision of this Addendum to the Disclosure Document shall be 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 by the Minnesota Commissioner of Commerce, are met independently without reference to these Additional Disclosures in the Disclosure Document.

## **ADDITIONAL DISCLOSURES FOR THE STATE OF NEW YORK**

The following is added to the Cover Page of the Disclosure Document:

### **SPECIAL RISK FACTORS:**

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NY 10005.

REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NY 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATION PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE

TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

The following should be added to Item 3 of this Disclosure Document:

Item 3. Litigation. The first paragraph is deleted in its entirety and replaced with the following:

“Neither we, nor anyone identified in Item 2:

1. Has an administrative, criminal, or civil action alleging: a felony; 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.
2. Has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the ten-year period immediately preceding the application for registration, has been convicted or pleaded nolo contendere to a misdemeanor charge; or been held liable in a civil action alleging: violation of a franchise, antitrust, or securities law; fraud; embezzlement; misappropriation of property; unfair or deceptive practices, or comparable allegations.
3. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined 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 franchise as a real estate broker or sales agent.

Item 4. Bankruptcy. The first paragraph is deleted in its entirety and replaced with the following:

“Neither we, nor any of our predecessors, affiliates, officers or general partners have, during the ten-year period immediately preceding the date of the Disclosure Document; (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company, or a general partner in a partnership, that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code, or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after that officer or general partner of ours held this position in the company or partnership.”

Item 11. The following is inserted at the end of Item 11: “Advertising on the Internet”. We have no restrictions regarding our use of the internet or the worldwide web for advertising purposes. You must have a customized web site connected to our web site and managed by our web site provider (Items 6 and 8 of this Disclosure Document). You may not develop and implement a HOODZ website through a third party provider (Item 8 of the Disclosure Document and Section 2.I. of the Franchise Agreement).

Item 15. The following is inserted to the end of paragraph 1: If you hire an employee to serve as the Managing Owner of the HOODZ Business (“delegate”), the delegate does not need to have any ownership in the HOODZ Business. However, the delegate must attend Business Manager

and Technical Operations Training and sign our Confidentiality and Non-Disclosure document prior to assuming this role. Your delegate must not have pleaded no contest or been convicted of a felony and must submit to a background check, whose cost is to be paid by the Franchisee.

The following is added to the end of 17(c) and 17 (m):

“However to the extent required by applicable law, all rights you enjoy and any causes of action arising by 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.”

Item 17.D. Summary Column, is amended to read: “You may terminate any time with at least 60 days prior written notice. You may terminate on any grounds available by law.”

Item 17.J. Summary Column, is amended to read: “No restriction on us of the right to assign however, no assignment will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.”

Item 17.S. Summary Column, the following is added to the end of Item 17.S.:

“Modifications to the HOODZ System Standards will not unreasonably affect your obligations under the Franchise Agreement.”

Item 17.V. and 17.W. Summary Column, is amended to read:

“However, the governing choice of law and choice of forum should not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.”

## **ADDITIONAL DISCLOSURES FOR THE STATE OF NORTH DAKOTA**

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes on supplements, as the case maybe, the corresponding disclosures in the main body of the text of the HOODZ International, LLC Franchise Disclosure Document.

1. Item 17 is amended by the addition of the following language to the original language that appears therein:
  - a. Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in North Dakota, except in certain instances as provides by law.
  - b. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.
  - c. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable

within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- d. Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
- e. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.
- f. Any provision in the Franchise Agreement requiring that the agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

## **ADDITIONAL DISCLOSURES FOR THE STATE OF RHODE ISLAND**

The following is added to the Cover Page of the Disclosure Document:

**EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT “HOME STATE” LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THE OFFERING FOR DETAILS.**

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 et seq., the Franchise Disclosure Document for HOODZ International, LLC, for use in the State of Rhode Island is amended as follows:

1. Item 17 (u) shall be amended to read: §19-28.1-21 (a) A person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.

2. Item 17 (v)(w) shall be amended to read: §19-28.1-14 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 this act.

### **ADDITIONAL DISCLOSURES FOR THE STATE OF VIRGINIA**

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 grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

### **ADDITIONAL DISCLOSURES FOR THE STATE OF WASHINGTON**

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 franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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 franchise 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 franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The undersigned does hereby acknowledge receipt of this addendum.

## Exhibit F

### TO FRANCHISE DISCLOSURE DOCUMENT

#### LIST OF FRANCHISEES

LOCATION NAME	OWNER	ADDRESS	CITY	STATE	ZIP	PHONE NO.
<b>HOODZ OF BIRMINGHAM</b>	TIM GERMAN	122 INDIAN CREEK DRIVE	PELAM	ALABAMA	35124	205-910-5631
<b>HOODZ OF GREATER PHOENIX (4 TERRITORIES)</b>	TROY MCLAIN	1220 W ALAMEDA DR,	TEMPE	ARIZONA	85282	480-264-6344
<b>HOODZ OF CENTRAL ARKANSAS</b>	RICHARD SUTTON	11610 PLEASANT RIDGE RD, STE 103	LITTLE ROCK	ARKANSAS	72223	501-490-7754
<b>HOODZ OF TRI COUNTIES (6 TERRITORIES)</b>	ALLEN MOORMAN	19069 VAN BURAN BLVD,	RIVERSIDE	CALIFORNIA	92508	951-530-8134
<b>HOODZ OF THE BEACH CITIES (5 TERRITORIES)</b>	CLAY POLLITT	10541 CHESTNUT AVE	STANTON	CALIFORNIA	90680	714-643-9667
<b>HOODZ OF SACRAMENTO</b>	MICHAEL O'NEIL	42 SILVER POPLAR CT.	ROSEVILLE	CALIFORNIA	95678	916-467-8100
<b>HOODZ OF DENVER (3 TERRITORIES)</b>	LARRY MOSS	11757 W KEN CARYL AVE	LITTLETON	COLORADO	80127	303-600-8376
<b>HOODZ OF CENTRAL AND EASTERN CT #1; HOODZ OF FAIRFIELD AND NEW HAVEN COUNTIES (3 TERRITORIES)</b>	TIMOTHY BENSON	145 OLD WATERBURY RD	TERRYVILLE	CONNECTICUT	06786	860-217-0376
<b>HOODZ OF COLLIER COUNTY FLORIDA</b>	ALEXANDRE BREAVOINE	8805 TAMAMI TRL N.	NAPLES	FLORIDA	34108	239-354-7277
<b>HOODZ OF S. BROWARD &amp; MIAMI (3 TERRITORIES)</b>	DENICE JENKINS	934 N. UNIVERSITY DR.	CORAL SPRINGS	FLORIDA	33071	954-433-7404
<b>HOODZ OF THE TREASURE COAST</b>	INDIRA JAVIER	7809 SW ELLIPSE WAY, UNIT D15	STUART	FLORIDA	34953	772-324-8953
<b>HOODZ OF TAMPA BAY</b>	JAMES HELSINGER	105 86TH AVE	TREASURE ISLAND	FLORIDA	33706	727-360-1299
<b>HOODZ OF GREATER JACKSONVILLE</b>	JEFF SOWELL	1132 MILL CREEK DR	JACKSONVILLE	FLORIDA	32259	904-342-0153

<b>HOODZ OF NW FLORIDA &amp; BALDWIN CO. ALABAMA</b>	JULIE BUCKLEY	2172 W NINE MILE RD, #180	PENSACOLA	FLORIDA	32534	850-944-6639
<b>HOODZ OF GREATER SARASOTA; HOODZ OF ORLANDO (3 TERRITORIES)</b>	MARK CHRIST	910 BELLE AVE, STE 1160	WINTER SPRINGS	FLORIDA	32708	407-339-8464
<b>HOODZ OF GREATER PALM BEACH (2 TERRITORIES)</b>	RANDY SEQUETE	2234 N. FEDERAL HWY	BOCA RATON	FLORIDA	33431	561-200-0734
<b>HOODZ OF GAINESVILLE/TALLAHASSEE</b>	TONY BROWN	PO BOX 485	KEYSTONE HEIGHTS	FLORIDA	32656	352-478-7043
<b>HOODZ OF LAGRANGE, AUBURN, COLUMBUS, MACON</b>	ANDY PEACOCK	137B COMMERCE AVE STE 324	LAGRANGE	GEORGIA	30241	706-358-4354
<b>HOODZ OF NW ATLANTA</b>	ANNA FLORES	300 COLONIAL CENTER PARKWAY	ROSWELL	GEORGIA	30076	770-429-8800
<b>HOODZ OF THE LOWCOUNTRY AND COASTAL GEORGIA</b>	JEFF ROULSTON	1335 LYNNAH AVE, STE 113	GARDEN CITY	GEORGIA	31408	843-706-3283
<b>HOODZ OF SOUTHEASTERN METRO ATLANTA (4 TERRITORIES)</b>	RAY WELLS	3145 GATEWAY DR, STE I	NORCROSS	GEORGIA	30071	770-225-3417
<b>HOODZ OF DOWNTOWN CHICAGO (7 TERRITORIES)</b>	JACQUI MCGREW	2651 W LAKE ST	CHICAGO	ILLINOIS	60612	312-662-3866
<b>HOODZ OF NORTHWEST INDIANA AND CHICAGO HEIGHTS</b>	DAVID ADAMS	992 RICHARD RD	DYER	INDIANA	46311	219-865-1044
<b>HOODZ OF CENTRAL &amp; NORTHEAST INDIANA (3 TERRITORIES)</b>	MARCUS COLSON	7750 ZIONSVILLE RD	INDIANA POLIS	INDIANA	46268	317-846-2812
<b>HOODZ OF CENTRAL IOWA</b>	POLLOCK	3605 POMMEL PL	WEST DES MOINES	IOWA	50265	515-278-1149
<b>HOODZ OF KANSAS CITY #1 AND HOODZ OF KANSAS CITY #2</b>	LANCE WINDHOLZ	PO BOX 7507	OVERLAND PARK	KANSAS	66207	816-623-3131

<b>(2 TERRITORIES – 1 IN KS AND 1 IN MO)</b>						
<b>HOODZ OF THE BLUEGRASS; HOODZ OF KENTUCKIANA; HOODZ OF NASHVILLE (5 TERRITORIES – 3 IN TN, 2 IN KY)</b>	CHASE KEMP	111 SPACE PARK SOUTH DR	NASHVILLE	TENNESSEE	37211	615-953-2352
<b>HOODZ OF GREATER BATON ROUGE</b>	ALICIA INGLES	70380 HWY 21, STE 2	COVINGTON	LOUISIANA	70433	225-366-3473
<b>HOODZ OF ACADIANA</b>	PAUL STONE	PO BOX 505	LAKE ARTHUR	LOUISIANA	70549	337-774-2940
<b>HOODZ OF SOUTHERN MAINE</b>	PAUL VAIL	5 PROVOST DR	WINDHAM	MAINE	04062	207-782-8822
<b>HOODZ OF DELMARVA</b>	JIM HOGAN	29000 INFORMATION LANE, STE 101	EASTON	MARYLAND	21601	410-673-7354
<b>HOODZ OF PROVIDENCE</b>	BRENDAN GALLAGHER	160 FREMONT STREET	WORCESTER	MASSACHUSETTS	01603	401-600-0900
<b>HOODZ OF SPRINGFIELD/BRANSON/JOPLIN</b>	JAMES BOYD	1325 W SUNSHINE, STE 225	SPRINGFIELD	MISSOURI	65807	417-708-6481
<b>HOODZ OF ST. LOUIS SOUTH (2 TERRITORIES)</b>	JEREMY MENKE	10401 INTERNATIONAL PLAZA DRIVE	ST ANN	MISSOURI	63074	314-279-1937
<b>HOODZ OF MID-MISSOURI /NW METRO ST. LOUIS</b>	ROXANE SARGENT	138 N CAPISTRANO DR	JEFFERSON CITY	MISSOURI	65109	573-638-0333
<b>HOODZ OF OMAHA - LINCOLN</b>	JAMES HAIAR	17330 W. CENTER RD. #110	OMAHA	NEBRASKA	68130	402-884-8681
<b>HOODZ OF SOUTHERN MONMOUTH AND OCEAN COUNTY</b>	FRED OTT	330 MOUNTS CORNER DRIVE, SUITE 515	FREEHOLD	NEW JERSEY	07728	732-851-7344
<b>HOODZ OF PRINCETON, CHERRY HILL, AND CENTER CITY PHILADELPHIA (2 TERRITORIES – 1 IN PA AND 1 IN NJ)</b>	LAUREN LETIZIA	606 RYAN AVE. STE. Q1	WESTVILLE	NEW JERSEY	08093	888-964-6639
<b>HOODZ OF NASSAU COUNTY (2 TERRITORIES)</b>	RICH ROTHAAAR	4140 AUSTIN BLVD	ISLAND PARK	NEW YORK	11558	516-442-2262

<b>HOODZ OF THE MID HUDSON VALLEY</b>	TREVOR DEPUY	18 SMITH TERRACE HIGHLAND	HIGHLAN D	NEW YORK	12528	845-345-7232
<b>HOODZ OF THE TRIANGLE (2 TERRITORIES)</b>	JON FLOYD	5817 TRIANGLE DR	RALEIGH	NORTH CAROLINA	27617	919-424-7099
<b>HOODZ OF GREATER FAYETTEVILLE</b>	PHILLIP RAINES	3771 RAMSEY ST, STE 109 PMB 397	FAYETTEVILLE	NORTH CAROLINA	28311	910-893-8111
<b>HOODZ OF NORTHEAST OHIO #3 (3 TERRITORIES)</b>	DAVID RIVET	2863 SHARON CT	TWINSBURG	OHIO	44087	330-995-0752
<b>HOODZ OF GREATER CINCINNATI (2 TERRITORIES)</b>	PATRICK KENNEDY	1016 AVACOLL DRIVE	PITTSBURGH	PENNSYLVANIA	15220	513-910-8178
<b>HOODZ OF CENTRAL &amp; NORTHWEST OHIO (2 TERRITORIES)</b>	TAYLOR TAUBE, ANDREA KUHR	7826 TIMBERS EDGE	WATERVILLE	OHIO	43566	567-703-1074
<b>HOODZ OF CLACKAMAS (3 TERRITORIES)</b>	CAROL TIPPETT	2050 BEAVERCREEK RD	OREGON CITY	OREGON	97045	503-908-1988
<b>HOODZ OF EXTON</b>	KEVIN GERLAND	521 POTTSTOWN PIKE	CHESTER SPRINGS	PENNSYLVANIA	19425	484-875-0777
<b>HOODZ OF NW PHILADELPHIA &amp; SOUTHEASTERN MONTGOMERY</b>	LARRY GORDON	292 MAIN STREET, #322	HARLEYSVILLE	PENNSYLVANIA	19438	484-222-3884
<b>HOODZ OF NE PHILADELPHIA AND LEVITTOWN</b>	NELSON ALVAREZ	1404 A RANDALL AVE	LEVITTOWN	PENNSYLVANIA	19057	215-458-7370
<b>HOODZ OF SOUTH PITTSBURGH</b>	THOMAS HUSSEY	11140 BROKERS LANE	NORTH HUNTINGTON	PENNSYLVANIA	15642	412-795-1525
<b>HOODZ OF CHARLESTON, COLUMBIA AND MYRTLE BEACH (3 TERRITORIES – 1 IN NC AND 2 IN SC)</b>	DAVID COKER	PO BOX 7075	FLORENCE	SOUTH CAROLINA	29502	843-407-3858
<b>HOODZ OF UPSTATE SC AND GREATER CHARLOTTE (3 TERRITORIES -1 IN SC AND 2 IN NC)</b>	DESHAWN NESBITT	2153 E MAIN STREET	DUNCAN	SOUTH CAROLINA	29334	864-469-0879
<b>HOODZ OF GREATER HOUSTON &amp;</b>	DAN LANGDON	PO BOX 8046	SPRING	TEXAS	77387	281-528-0405

<b>COLLEGE STATION (5 TERRITORIES)</b>						
<b>HOODZ OF NORTH DALLAS (2 TERRITORIES)</b>	DAVID ZHU	5435 N. GARLAND AVE.	GARLAND	TEXAS	75040	972-468-8429
<b>HOODZ OF SAN ANTONIO AND NORTH AUSTIN (7 TERRITORIES)</b>	JUAN TREJO	PO BOX 5692	SAN ANTONIO	TEXAS	78201	210-265-1086
<b>HOODZ OF HAMPTON ROADS</b>	AARON BEACH	6699 FOX CENTRE PKWY #225	GLOUCESTER	VIRGINIA	23061	804-824-9661
<b>HOODZ OF VA ARLINGTON, SPRINGFIELD, AND FAIRFAX VIRGINIA</b>	CRISTIAN ESCUDERO	7015 WASHINGTON BLVD	ARLINGTON	VIRGINIA	33186	703-661-9601
<b>HOODZ OF VIRGINIA BEACH</b>	DANIELE BIDO	1008 DARLINGTON CT.	SUFFOLK	VIRGINIA	23434	757-512-6410
<b>HOODZ OF CHARLOTTEVILLE, FREDERICKSBURG, HARRISONBURG, WINCHEST</b>	MIKE JOLLY	19478 BRANDY RD	BRANDY STATION	VIRGINIA	22714	540-829-1199
<b>HOODZ OF GREATER RICHMOND</b>	ROSS SUMNER	10373 SOUTH CEDAR LANE	GLEN ALLEN	VIRGINIA	23059	804-368-0420
<b>HOODZ OF TYSONS CORNER/WOODBRIDGE/GEORGETOWN, DC</b>	STEVE WISEMAN	2961A HUNTER MILL RD, #629	OAKTON	VIRGINIA	22124	703-537-0445
<b>HOODZ OF THE GREATER SOUTH SOUND (2 TERRITORIES)</b>	LYNDA GARDNER	7414 86TH AVE NW	GIG HARBOR	WASHINGTON	98335	253-851-9130
<b>HOODZ OF SOUTHEAST WISCONSIN (3 TERRITORIES)</b>	PETER BAYLON	1405 16TH STREET	RACINE	WISCONSIN	53403	262-260-9595
<b>HOODZ OF EDMONTON</b>	WENDY DZIWENKO	9170 YELLOWHEAD TRAIL NW	EDMONTON	ALBERTA, CANADA	T5B 1G2	780-479-5705

**FRANCHISEES SIGNED BUT NOT YET OPENED**

**NONE.**

**Exhibit G**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FORMER FRANCHISEES**

<b>Location Name</b>	<b>Owner</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Phone No.</b>
<b>HOODZ of the Treasure Coast</b>	Franck Deckert	1959 SW Newport Isles Blvd	Port St. Lucie	FL	772-324- 8953
<b>HOODZ of the Bluegrass- Lexington KY</b>	Richard Stump	2901 Richmond Rd, Ste 140-356	Lexington	KY	859-559- 0083
<b>HOODZ of the Triangle</b>	Robert Saxby, Lois Saxby	PO Box 2431	Wilson	NC	919-424- 7099
<b>HOODZ of Eastern Iowa</b>	Mike Murphy, Shawn Sutton	3486 Dolphin Dr. SE, Unit A	Iowa City	IA	319-333- 1050
<b>HOODZ of NW Atlanta</b>	Christine Deckert	2070 Attic Parkway, Ste 105	Kennesaw	GA	305-748- 5989

**Exhibit H - 1**

**TO FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE ORGANIZATIONS**

As of the date of this Disclosure Document, to our knowledge, there are no franchise organizations.

**Exhibit H - 2**

**TO FRANCHISE DISCLOSURE DOCUMENT**

**INDEPENDENT FRANCHISEE ASSOCIATIONS**

As of the date of this Disclosure Document, to our knowledge, there are no Independent HOODZ Franchise Associations.



**Exhibit I**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

**DISCLOSURE ACKNOWLEDGEMENT QUESTIONNAIRE**

As you know, HOODZ International, LLC and you are preparing to enter into a Franchise Agreement for the operation of a HOODZ franchise. Please review each of the following questions carefully and provide honest responses to each question.

1. Have you received and personally reviewed the HOODZ International, LLC Franchise Disclosure Document and each exhibit we provided to you? Yes or No: \_\_\_\_\_
2. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? Yes or No: \_\_\_\_\_
3. Have you discussed operating a HOODZ franchise with an attorney, accountant or other professional advisor? Yes or No: \_\_\_\_\_
4. Do you understand the success or failure of your franchise will depend on many factors including your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace? Yes or No: \_\_\_\_\_
5. Has any employee or other person speaking on behalf of HOODZ International, LLC made any statement or promise regarding the amount of money you may earn in operating the HOODZ franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes or No: \_\_\_\_\_
6. Has any employee or other person speaking on behalf of HOODZ International, LLC made any statement or promise concerning the total amount of revenue the HOODZ franchise will generate that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes or No: \_\_\_\_\_
7. Has any employee or other person speaking on behalf of HOODZ International, LLC made any statement or promise regarding the costs involved in operating the HOODZ franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes or No: \_\_\_\_\_
8. Has any employee or other person speaking on behalf of HOODZ International, LLC made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating a HOODZ franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes or No: \_\_\_\_\_
9. Has any employee or other person speaking on behalf of HOODZ International, LLC made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes or No: \_\_\_\_\_

10. If you have answered “Yes” to any of the questions 5 through 9, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

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By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

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.

Maryland sales/Maryland residents: The representations, acknowledgements and affirmations in this Exhibit are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act

Washington sales/Washington residents: This Franchisee Disclosure Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

\_\_\_\_\_  
FRANCHISE APPLICANT

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

**Exhibit J**  
**State Effective Dates**

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	pending
Florida	Effective
Hawaii	pending
Illinois	pending
Indiana	pending
Maryland	Pending
Michigan	Effective
Minnesota	pending
New York	Exempt
North Dakota	pending
Rhode Island	pending
South Dakota	pending
Utah	Effective
Virginia	pending
Washington	pending
Wisconsin	pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**Exhibit K**  
**TO FRANCHISE DISCLOSURE DOCUMENT**  
**RECEIPTS**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If HOODZ International, LLC offers you a franchise, it must provide the disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If HOODZ International, 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 state agency listed on Exhibit C.

**New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the Franchise Relationship. Michigan and Oregon require that we give you this Disclosure Document at least ten business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the Franchise Relationship.**

Date of Issuance: March 29, 2024.

See Exhibit D for our registered agents authorized to receive service of process.

I have received a disclosure document dated March 29, 2024 that included the following Exhibits:

- A – Forms Agreement
  - A-1 – Franchise Agreement and Addenda
  - A-2 – Promissory Note
  - A-3 - Confidentiality / Non-Disclosure Agreement
  - A-4 – General Release(s), Assignment or Transfer
- B – Financial Statements
- C – State Administrators
- D – Agents for Service of Process
- E – State Addenda to the Disclosure Document
- F – List of Franchisees
- G – List of Former Franchisees
- H – 1 – Franchise Organizations
- H – 2 – Independent Franchisee Associations
- I – Disclosure Questionnaire
- J—State Effective Dates Page
- K-- Receipts

Franchise Sellers:

Sheryl Mack and Ken Osness of HOODZ International, LLC, act as our franchise sellers. Their principal business address is 731 Fairfield Court, Ann Arbor, MI 48108 and their telephone numbers are (734) 864-9772 and 734-864-9767, respectively.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Date Received:** \_\_\_\_\_

\_\_\_\_\_  
Signature of Prospective Franchisee

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

\_\_\_\_\_  
Entity Name (if applicable)

You should return one copy of the signed receipt by signing, dating, and emailing it to us at [legal@belfrangroup.com](mailto:legal@belfrangroup.com), or mailing it to HOODZ at 731 Fairfield Court, Ann Arbor, MI 48108 or faxing it to (734) 222-0531, Attention: Legal and Franchise Administration. You may keep the second copy for your records.

**RECEIPTS**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If HOODZ International, LLC offers you a franchise, it must provide the disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Date Received:** \_\_\_\_\_

\_\_\_\_\_  
Signature of Prospective Franchisee

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

\_\_\_\_\_  
Entity Name (if applicable)

You should return one copy of the signed receipt by signing, dating, and emailing it to us at [legal@belfrangroup.com](mailto:legal@belfrangroup.com), or mailing it to HOODZ at 731 Fairfield Court, Ann Arbor, MI 48108 or faxing it to (734) 222-0531, Attention Legal and Franchise Administration. You may keep the second copy for your records.